



## BEA (MPF) Industry Scheme

31 March 2018

<b>Contents</b>	<b>Page(s)</b>
Scheme report	1 – 5
Investment report	
– Investment analysis	6 – 7
– Trustee’s commentary	8 - 13
– Investment objectives and policies of the Scheme and the constituent funds	14 - 25
– Investment income and performance	26 - 27
– Breakdown of income derived from investments and bank balances	28 - 29
– Performance table	30 - 34
– Investment portfolio	35 - 52
– Statement of movements in investment portfolio	53 - 66
Independent auditor’s report	67 - 70
Independent auditor’s assurance report	71 – 73
Industry Scheme	
– Statement of changes in net assets available for benefits	74 - 76
– Statement of net assets available for benefits	77
– Cash flow statement	78
Constituent funds	
– Statement of comprehensive income	79 - 80
– Statement of assets and liabilities	81 - 84
– Statement of changes in net assets attributable to members	85 - 86
Notes to the financial statements	87 - 130

## Scheme report

The Trustee has pleasure in presenting the annual reports and the financial statements of the BEA (MPF) Industry Scheme (“the Scheme”) for the year ended 31 March 2018.

### The Scheme

The Scheme is an industry scheme for the purpose of providing benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”). The Scheme was established under the trust deed dated 12 April 2000, as amended, between The Bank of East Asia, Limited as sponsor and Bank of East Asia (Trustees) Limited as trustee (“the Trustee”). The Scheme is registered under section 21A of the MPF Ordinance.

### Financial development

The Scheme commenced operations on 1 December 2000. The total contributions received and receivable including contribution surcharge and transfers in and benefits paid and payable including transfers out, forfeitures, long services payments and severance payments during the year were HK\$1,673.8 million (2017: HK\$1,484.1million) and HK\$714.3 million (2017: HK\$486.4 million) respectively. The net asset value as at 31 March 2018 was HK\$11,604.5 million (2017: HK\$9,622.5 million).

### Changes to the governing rules

The governing rules were amended during the year to reflect the changes in relation to:

1. the number of free installment in a calendar year for the phased withdrawal;
2. changes to the Hang Seng China Enterprises Index, the underlying index of the Hang Seng H-Share Index ETF, the approved index tracking fund of BEA China Tracker Fund; and
3. certain other areas, such as the change of legal advisers, consolidated asset size of the Sponsor, cut-off time for receiving instructions to change investment allocation, aggregate market value and respective weightings of the top 10 largest constituent stocks of Hang Seng China Enterprises Index and Hang Seng Index and the avenue through which real-time update of these indices can be obtained.

## Scheme report (continued)

### Default Investment Strategy

The Scheme has established 2 new constituent funds and adopted the default investment strategy (“DIS”) as the Scheme’s default investment choice. With effect from 1 April 2017, the 2 new constituent funds were offered to members. Below table summarized the details of the new constituent funds:

<b>Name of New Constituent Fund</b>	<b>BEA (Industry Scheme) Age 65 Plus Fund</b>	<b>BEA (Industry Scheme) Core Accumulation Fund</b>
Fund Type	Mixed Assets Fund – Global	Mixed Assets Fund – Global
Investment Structure	Invest in an APIF (level 1) named BEA Union Investment Age 65 Plus Fund, a sub-fund of BEA Union Investment Capital Growth Fund, which in turn invests in two APIFs (level 2).	Invest in an APIF (level 1) named BEA Union Investment Core Accumulation Fund, a sub-fund of BEA Union Investment Capital Growth Fund, which in turn invests in two APIFs (level 2).
APIF Investment Manager	BEA Union Investment Management Limited	BEA Union Investment Management Limited
Investment Objective and Policy	<p>The objective is to provide stable growth to scheme members by investing in a globally diversified manner. The Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value. The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions. There is no prescribed allocation for investments in any specific countries or currencies. At least 30% of the assets of the Fund will be held in Hong Kong dollar currency investments.</p>	<p>The objective is to provide capital growth to scheme members by investing in a globally diversified manner. The Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value. The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions. There is no prescribed allocation for investments in any specific countries or currencies. At least 30% of the assets of the Fund will be held in Hong Kong dollar currency investments.</p>

## Scheme report (continued)

### Default Investment Strategy (continued)

Name of New Constituent Fund (continued)	BEA (Industry Scheme) Age 65 Plus Fund (continued)	BEA (Industry Scheme) Core Accumulation Fund (continued)
Management Fees (% of Net Asset Value per annum)	0.75%	0.75%
Denomination Currency	Hong Kong dollar	Hong Kong dollar

### Particulars of the service providers

Particulars of the Trustee and service providers engaged by the Trustee for the purposes of the Scheme during the year ended 31 March 2018 are set below.

#### ***Trustee, Custodian and Administrator***

Bank of East Asia (Trustees) Limited

32nd Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

#### ***Investment Manager***

BEA Union Investment Management Limited (an associate of the Trustee)

5th Floor, The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Sponsor and Banker***

The Bank of East Asia, Limited (the holding company of the Trustee)

The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

## Scheme report (continued)

### Particulars of the service providers (continued)

#### ***Legal Adviser***

Baker & McKenzie

14th Floor, Hutchison House  
10 Harcourt Road  
Central, Hong Kong

Deacons

(retired on 31 January 2018)

5th Floor, Alexandra House  
18 Chater Road  
Central, Hong Kong

#### ***Auditor***

KPMG

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

#### ***Directors of the Trustee, Custodian and Administrator***

David Li Kwok Po  
Joseph Pang Yuk Wing  
Cheung Man Kok  
Tong Hon Shing  
Adrian David Li Man Kiu  
Raymond Ng Kai Man

#### ***Business address of the Directors of the Trustee, Custodian and Administrator***

32nd Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

## Scheme report (continued)

### Particulars of the service providers (continued)

#### ***Directors of the Investment Manager***

Hermann Alexander Schindler  
Gunter Karl Haueisen  
Brian David Li Man Bun  
Samson Li Kai Cheong  
Eleanor Wan Yuen Yung

#### ***Business address of the Directors of the Investment Manager***

5th Floor, The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Directors of the Sponsor and Banker***

David Li Kwok Po  
Arthur Li Kwok Cheung  
Allan Wong Chi Yun  
Aubrey Li Kwok Sing  
Winston Lo Yau Lai  
Richard Li Tzar Kai (retired on 5 May 2017)  
Stephen Charles Li Kwok Sze  
Kuok Khoon Ean (retired on 5 May 2017)  
Isidro Fainé Casas  
Peter Lee Ka Kit  
Adrian David Li Man Kiu  
Brian David Li Man Bun  
Daryl Ng Win Kong  
Masayuki Oku  
Rita Fan Hsu Lai Tai  
Meocre Li Kwok Wing  
Henry Tang Ying Yen  
Chan Kin Por  
Delman Lee

#### ***Business address of the Directors of the Sponsor and Banker***

The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

### **Further information**

Scheme members can obtain further information about the Scheme and its operations from Mr Henry Chan Cho Yip, Senior MPF Marketing and Customer Services Manager, at the Trustee. Scheme members can also contact BEA (MPF) hotline at 2211 1777 or visit the website at <http://www.hkbea.com> for queries or further information.

# Investment report for the year ended 31 March 2018

## Investment Analysis

### United States

- During April 2017 – March 2018, the Federal Reserve continued to normalise policy. The Federal Reserve’s “dot plot” suggested policy-makers expected there would be three rate hikes in 2018.
- We remained our positive stance in the U.S. tax reform which President Trump signed into law in December 2017, as it would help to further boost growth in the coming years.
- The risk of a global escalation of protectionism triggered by the U.S. had contributed to a significant correction in the equity markets. However, the economic environment and expectations of corporate profits had largely held steady.

### Europe

- During April 2017 – March 2018, the Britain’s Conservative government lost its majority in June’s general election after a resurgence of support for the Labour Party and a weak campaign by the prime minister, Theresa May. The government was in a minority and reliant on votes from a small Northern Ireland party to execute its agenda. This left Britain in a much weaker negotiating position for the Brexit negotiations. Many argued that May had lost her mandate to pursue a “hard Brexit” and adding to the economic uncertainty.
- Capital market environment in Europe remained positive, but this had been overshadowed by trade disputes.

### China

- During April 2017 – March 2018, the People’s Bank of China (“PBOC”) announced selective cuts to its required reserve ratio (“RRR”) which would take effect in 2018, so as to boost lending to under-served areas of the economy such as agriculture and SMEs. The PBOC stressed that this was a structural adjustment and not a shift towards looser monetary policy. While industrial production slowed in September 2017 due to environmental protection measures, the resilience of the Purchasing Managers’ Index suggested that economic momentum remained strong. The lower RRR would help boost banks’ earnings and was taken very positively by the market.
- Mainland China’s real estate sector rebounded as home prices had stabilised and the announcement of accelerated shanty town clearance programmes was expected to help absorb inventory in 2018. Data also indicated a rebound of home sales and new home starts in November 2017.
- Despite the fact that the reported 2017 Chinese corporate earnings had mostly met expectations, the potential trade war between the U.S. and China drove both onshore and offshore Chinese equity markets lower in March 2018.



## Investment report for the year ended 31 March 2018 (continued)

### Investment Analysis (continued)

#### Japan

- During April 2017 – March 2018, Japan's economy continued to show signs of recovery, with strong industrial activity, low inventory levels, a tight employment market, and a slightly inflationary trend in consumer prices.
- Economic data gained momentum close end of 2017, raising market confidence about Japan's economic recovery.
- The Japanese yen appreciated against the U.S. dollar, which was treated as a safe haven currency when market volatility increased.

#### Asia

- During April 2017 – March 2018, the United Nations Security Council passed another raft of sanctions against North Korea to censure the regime's attempt to develop a nuclear weapon capable of striking the continental U.S. These sanctions banned exports of textiles and placed a cap on sales of crude oil and refined petroleum.
- Encouraged by the strength of the domestic economy and the possibility of stronger-than-expected inflation, the Bank of Korea raised its benchmark interest rate in November 2017. This was the first time the Bank of Korea raised rates since 2011 and flagged the start of a new rate cycle.

#### Global Bond

- During April 2017 – March 2018, economic data in the U.S. and Europe remained strong and this could result into further monetary tightening by central banks, the impact to global bond market should be gradual and in an orderly manner. We expected positive factors to global bond market would continue, including steady appreciation of non-U.S. currencies and moderate inflation pressure.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary

A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary				
	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
BEA (Industry Scheme) MPF Conservative Fund <i>Launch date: 01/12/2000</i>	0.21	0.34	0.50	1.29
Benchmark / Performance Target	0.01	0.01	0.01	N/A**
Deviation from the Benchmark / Performance Target*	+0.20	+0.33	+0.49	N/A**
Trustee's commentary	<ul style="list-style-type: none"><li>The 1-year, 5-year and 10-year annualized returns were above the benchmark / performance target (i.e. prescribed savings rate).</li></ul>			
BEA (Industry Scheme) Growth Fund <i>Launch date: 01/12/2000</i>	15.36	5.69	3.50	4.88
Benchmark / Performance Target	15.24	5.40	3.56	N/A**
Deviation from the Benchmark / Performance Target*	+0.12	+0.29	-0.06	N/A**
Trustee's commentary	<ul style="list-style-type: none"><li>The 1-year annualized return was above the market median due to overweighting in equities and underweighting in cash compared to peers.</li></ul> <p>The 5-year annualized return was above the market median due to overweighting in equities and larger weighting in bonds compared to peers.</p> <ul style="list-style-type: none"><li>The 10-year annualized return was below the market median as asset allocation was defensive during the rising markets in 2012 and 2013.</li></ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
BEA (Industry Scheme) Balanced Fund <i>Launch date: 01/12/2000</i>	12.56	4.49	2.98	4.15
Benchmark / Performance Target	12.52	4.04	2.92	N/A**
Deviation from the Benchmark / Performance Target*	+0.04	+0.45	+0.06	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in equities and underweighting in cash compared to peers.</li> <li>The 5-year annualized return was above the market median due to overweighting in equities and larger weighting in bonds compared to peers.</li> <li>The 10-year annualized return was above the market median due to a more balanced approach in asset allocation.</li> </ul>			
BEA (Industry Scheme) Stable Fund <i>Launch date: 01/12/2000</i>	9.74	3.12	2.45	3.73
Benchmark / Performance Target	9.24	2.50	2.15	N/A**
Deviation from the Benchmark / Performance Target*	+0.50	+0.62	+0.30	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in equities and underweighting in cash compared to peers.</li> <li>The 5-year annualized return was above the market median due to overweighting in equities and larger weighting in bonds compared to peers.</li> <li>The 10-year annualized return was above the market median due to a more balanced approach in asset allocation.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
BEA (Industry Scheme) Greater China Equity Fund <i>Launch date: 04/01/2010</i>	29.19	9.14	N/A	5.72
Benchmark / Performance Target	26.84	9.30	N/A	N/A**
Deviation from the Benchmark / Performance Target*	+2.35	-0.16	N/A	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to positive sector and stock selection especially in Taiwan.</li> <li>The 5-year annualized return was below the market median due to sector and stock selection.</li> </ul>			
BEA (Industry Scheme) Hong Kong Equity Fund <i>Launch date: 04/01/2010</i>	26.04	7.25	N/A	4.75
Benchmark / Performance Target	26.44	7.75	N/A	N/A**
Deviation from the Benchmark / Performance Target*	-0.40	-0.50	N/A	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was below market median due to defensive stock selection in rising markets.</li> <li>The 5-year annualized return was below the market median as the portfolio was defensive in the first half of 2015 and 2017 while the market rallied.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
BEA (Industry Scheme) Asian Equity Fund <i>Launch date: 31/01/2012</i>	26.80	6.98	N/A	6.64
Benchmark / Performance Target	23.56	7.25	N/A	N/A**
Deviation from the Benchmark / Performance Target*	+3.24	-0.27	N/A	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in Hong Kong and China equities.</li> <li>The 5-year annualized return was below the market median due to country allocation.</li> </ul>			
BEA China Tracker Fund <i>Launch date: 31/01/2012</i>	19.02	4.09	N/A	2.64
Benchmark / Performance Target	21.46	6.01	N/A	N/A**
Deviation from the Benchmark / Performance Target*	-2.44	-1.92	N/A	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year and 5-year annualized returns were able to correspond to the return of the Index.</li> </ul>			
BEA Hong Kong Tracker Fund <i>Launch date: 31/01/2012</i>	27.41	8.73	N/A	8.14
Benchmark / Performance Target	29.46	10.21	N/A	N/A**
Deviation from the Benchmark / Performance Target*	-2.05	-1.48	N/A	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year and 5-year annualized returns were able to correspond to the return of the Index.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
BEA (Industry Scheme) RMB & HKD Money Market Fund <i>Launch date: 03/07/2012</i>	7.62	1.29	N/A	1.26
Benchmark / Performance Target	7.92	1.29	N/A	N/A**
Deviation from the Benchmark / Performance Target*	-0.30	0	N/A	N/A**
Trustee's commentary	<ul style="list-style-type: none"> <li>The 1-year annualized return was below the market median with similar currency exposure to the peers.</li> <li>The 5-year annualized return was in line with the market median with similar currency exposure to the peers.</li> </ul>			
BEA (Industry Scheme) Age 65 Plus Fund <i>Launch date: 01/04/2017</i>	N/A	N/A	N/A	N/A
Benchmark / Performance Target	N/A	N/A	N/A	N/A
Deviation from the Benchmark / Performance Target*	N/A	N/A	N/A	N/A
Trustee's commentary	<ul style="list-style-type: none"> <li>The fund was launched on 1<sup>st</sup> April, 2017. Annualised returns are only available for presentation of performance figures for periods of more than 1 year.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
BEA (Industry Scheme) Core Accumulation Fund <i>Launch date: 01/04/2017</i>	N/A	N/A	N/A	N/A
Benchmark / Performance Target	N/A	N/A	N/A	N/A
Deviation from the Benchmark / Performance Target*	N/A	N/A	N/A	N/A
Trustee's commentary	<ul style="list-style-type: none"> <li>The fund was launched on 1<sup>st</sup> April, 2017. Annualised returns are only available for presentation of performance figures for periods of more than 1 year.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

<b>B. Trustee's assessment framework for deriving its commentary and trustee's action, if any, to address its concern raised in its commentary in Section A</b>
<p>Bank of East Asia (Trustees) Limited ("BEA Trustees") has established an on-going mechanism on fund monitoring in order to monitor and review the fund performance of constituent funds ("CFs"). BEA Trustees identifies underperformance issues by referencing to the benchmark of non-index tracking CFs, and the performance differences or abnormal tracking error for the index-tracking CFs.</p> <p>On a regular basis, BEA Trustees holds review meetings with the investment manager to discuss the overall performance of the CFs. Comprehensive assessment on CF level in different horizons will be reviewed during the meeting. When the CFs are identified to be underperformed, the investment manager is required to provide explanation and BEA Trustees will determine whether follow-up action has to be taken based on the explanation.</p> <p>Further to regular monitoring, BEA Trustees will update the Board of BEA Trustees regarding the fund performance of CFs and/or other issues through different channels including the regular reports and meetings.</p>

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds**

The Scheme commenced operations on 1 December 2000. The Scheme offers 12 constituent funds with different investment policies. The constituent funds of the Scheme are BEA (Industry Scheme) MPF Conservative Fund, BEA (Industry Scheme) Growth Fund, BEA (Industry Scheme) Balanced Fund, BEA (Industry Scheme) Stable Fund, BEA (Industry Scheme) Greater China Equity Fund, BEA (Industry Scheme) Hong Kong Equity Fund, BEA (Industry Scheme) Asian Equity Fund, BEA China Tracker Fund, BEA Hong Kong Tracker Fund and BEA (Industry Scheme) RMB & HKD Money Market Fund, BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund.

All constituent funds invest in approved pooled investment funds and/or approved index-tracking funds except for the BEA China Tracker Fund and the BEA Hong Kong Tracker Fund which invest in a single approved index-tracking fund, BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund which invest in a single approved pooled investment fund, the BEA (Industry Scheme) MPF Conservative Fund which invests directly in a portfolio of Hong Kong dollar deposits and Hong Kong dollar denominated debt instruments and the BEA (Industry Scheme) RMB & HKD Money Market Fund which invests directly in a portfolio of mainly Hong Kong dollar and Renminbi deposits and Hong Kong dollar and Renminbi denominated debt instruments.

Separate and distinct investment policies are applied in the investments of each constituent fund. The respective investment objectives and policies are set out below.

#### ***BEA (Industry Scheme) MPF Conservative Fund***

##### *Investment objective:*

To achieve a minimum rate of return while maintaining stability of the principal amount invested.

##### *Investment policy:*

The BEA (Industry Scheme) MPF Conservative Fund solely invests in Hong Kong dollar denominated instruments, namely, short-term deposits and debt securities issued by banks, corporations and governments. The BEA (Industry Scheme) MPF Conservative Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.



## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Growth Fund***

##### ***Investment objective:***

To achieve long-term capital appreciation with a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

##### ***Investment policy:***

The BEA (Industry Scheme) Growth Fund invests primarily in global equity and bond markets. The BEA (Industry Scheme) Growth Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (Industry Scheme) Growth Fund). The underlying assets of the BEA (Industry Scheme) Growth Fund are expected normally to be invested 60% to 90% in equities and 10% to 40% in cash, debt securities and/or money market instruments. The BEA (Industry Scheme) Growth Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (Industry Scheme) Growth Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Balanced Fund***

##### ***Investment objective:***

To achieve a stable rate of return with an opportunity for capital appreciation through a balanced weighting of investments in global equities and debt securities.

##### ***Investment policy:***

The BEA (Industry Scheme) Balanced Fund invests primarily in global equity and bond markets. The BEA (Industry Scheme) Balanced Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (Industry Scheme) Balanced Fund). The underlying assets of the BEA (Industry Scheme) Balanced Fund are expected normally to be invested 40% to 60% in equities and 40% to 60% in cash, debt securities and/or money market instruments. The BEA (Industry Scheme) Balanced Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (Industry Scheme) Balanced Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Stable Fund***

##### ***Investment objective:***

To minimise short-term capital risk with moderate capital growth over the long term through a higher weighting of investments in global debt securities to provide steady income and lower exposure to global equities to provide modest potential for capital appreciation.

##### ***Investment policy:***

The BEA (Industry Scheme) Stable Fund invests primarily in the global equity and bond markets. The BEA (Industry Scheme) Stable Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (Industry Scheme) Stable Fund). The underlying assets of the BEA (Industry Scheme) Stable Fund are expected normally to be invested 10% to 40% in equities and 60% to 90% in cash, debt securities and/or money market instruments. The BEA (Industry Scheme) Stable Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (Industry Scheme) Stable Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Greater China Equity Fund***

##### ***Investment objective:***

To provide investors with long-term capital growth within a controlled risk-return framework through investing mainly in listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China ("PRC"), the Special Administrative Regions of Hong Kong and Macau and Taiwan ("the Greater China Securities").

##### ***Investment policy:***

The BEA (Industry Scheme) Greater China Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Greater China Securities (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (Industry Scheme) Greater China Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (Industry Scheme) Greater China Equity Fund will invest 70%-100% of its underlying assets in Greater China Securities and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (Industry Scheme) Greater China Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (Industry Scheme) Greater China Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Hong Kong Equity Fund***

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Hong Kong equities, with some exposure in debt securities/money market instruments.

##### ***Investment policy:***

The BEA (Industry Scheme) Hong Kong Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Hong Kong equity market (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (Industry Scheme) Hong Kong Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (Industry Scheme) Hong Kong Equity Fund will invest 70%-100% of its underlying assets in equities of companies that are listed in, or derive or are expected to derive a significant portion of their revenues from Hong Kong and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (Industry Scheme) Hong Kong Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (Industry Scheme) Hong Kong Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Asian Equity Fund***

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Asian ex-Japan equities, with some exposure in debt securities/money market instruments.

##### ***Investment policy:***

The BEA (Industry Scheme) Asian Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Asian ex-Japan equity markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (Industry Scheme) Asian Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (Industry Scheme) Asian Equity Fund will invest at least 70% of its underlying assets in equities of companies listed in the Asian equity markets (including but not limited to Singapore, Malaysia, Korea, Taiwan, Thailand, Indonesia, the Philippines, India, China and Hong Kong but excluding Japan) and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (Industry Scheme) Asian Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (Industry Scheme) Asian Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA China Tracker Fund***

##### ***Investment objective:***

To provide investment returns that match the performance of the Hang Seng China Enterprises Index as closely as practicable.

##### ***Investment policy:***

The BEA China Tracker Fund invests directly in a single Approved Index-Tracking Fund, namely the Hang Seng China Enterprises Index ETF. The Approved Index-Tracking Fund aims to provide investment returns that match the performance of the Hang Seng China Enterprises Index as closely as practicable. The Approved Index-Tracking Fund may use futures contracts, warrants and options for hedging purposes or to achieve its investment objective. The Approved Index-Tracking Fund will not engage in securities lending. The BEA China Tracker Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses. The BEA China Tracker Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA Hong Kong Tracker Fund***

##### ***Investment objective:***

To provide investment results that closely correspond to the performance of the Hang Seng Index.

##### ***Investment policy:***

The BEA Hong Kong Tracker Fund invests directly in a single Approved Index-Tracking Fund, namely the Tracker Fund of Hong Kong. The Approved Index-Tracking Fund aims to provide investment results that closely correspond to the performance of the Hang Seng Index. The Approved Index-Tracking Fund may use futures contracts and options for hedging purposes or to achieve its investment objective. The Approved Index-Tracking Fund will not engage in securities lending. The BEA Hong Kong Tracker Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses. The BEA Hong Kong Tracker Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.



## Investment report for the year ended 31 March 2018 (continued)

### Investment objectives and policies of the Scheme and the constituent funds (continued)

#### **BEA (Industry Scheme) RMB & HKD Money Market Fund**

##### **Investment objective:**

To achieve a rate of return over the long term in line with the interest rate offered by authorised financial institutions in Hong Kong on HKD and RMB savings accounts while maintaining stability of the principal amount invested.

##### **Investment policy:**

The BEA (Industry Scheme) RMB & HKD Money Market Fund primarily invests in HKD and RMB denominated instruments, namely short-term deposits (such as certificates of deposits and term deposits) placed with authorised financial institutions in Hong Kong and debt securities including bonds, fixed and floating rate securities, convertible bonds and notes with a remaining maturity period of two years or less, issued or distributed outside mainland China ("offshore RMB debt securities") by banks, corporations and governments, and will not invest in securities issued within mainland China through any qualified foreign institutional investor quota ("QFII"). The target ranges of asset allocation of the BEA (Industry Scheme) RMB & HKD Money Market Fund (as a percentage of its net asset value) are as follows:

	<i>Min %</i>	<i>Max %</i>
<b>Asset allocation</b>		
Short-term deposits	90%	100%
Debt securities	0%	10%

The BEA (Industry Scheme) RMB & HKD Money Market Fund will not enter into financial futures and options contracts for any purpose and will not engage in securities lending. The BEA (Industry Scheme) RMB & HKD Money Market Fund is denominated in HKD only and not in RMB. However, this constituent fund is expected to hold at least 50% of its net asset value in assets denominated and settled in RMB, and up to 50% of its net asset value in assets denominated and settled in HKD under normal circumstances. In addition, this constituent fund will at all times maintain an effective currency exposure to HKD of not less than 30% by investing in HKD denominated instruments and/or through currency forward contracts.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Age 65 Plus Fund***

##### ***Investment objective:***

To provide stable growth to scheme members by investing in a globally diversified manner.

##### ***Investment policy:***

The BEA (Industry Scheme) Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below.

##### ***Asset Allocation:***

Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds), the BEA (Industry Scheme) Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The BEA (Industry Scheme) Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### ***BEA (Industry Scheme) Core Accumulation Fund***

##### ***Investment objective:***

To provide capital growth to scheme members by investing in a globally diversified manner.

##### ***Investment policy:***

The BEA (Industry Scheme) Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph "Asset Allocation" below.

##### ***Asset Allocation:***

Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA (Industry Scheme) Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The BEA (Industry Scheme) Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

## Investment report for the year ended 31 March 2018 (continued)

### Investment income and performance

	<i>BEA (Industry Scheme) MPF Conservative Fund</i>			<i>BEA (Industry Scheme) Growth Fund</i>			<i>BEA (Industry Scheme) Balanced Fund</i>		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net (loss)/income excluding capital (depreciation)/appreciation	24,741,900	18,395,356	14,931,264	(14,538,047)	(13,402,352)	(15,933,281)	(11,959,573)	(11,281,985)	(11,551,072)
Capital (depreciation)/appreciation of investments – realised and unrealised	-	-	-	369,487,269	191,816,095	(121,953,887)	193,651,411	82,353,398	(35,585,681)
Value of scheme assets derived from investments as at 31 March	<u>2,537,594,956</u>	<u>2,259,509,158</u>	<u>2,006,137,036</u>	<u>2,520,159,694</u>	<u>2,184,550,421</u>	<u>1,857,484,681</u>	<u>1,538,258,532</u>	<u>1,348,074,227</u>	<u>1,212,046,886</u>
	<i>BEA (Industry Scheme) Stable Fund</i>			<i>BEA (Industry Scheme) Greater China Equity Fund</i>			<i>BEA (Industry Scheme) Hong Kong Equity Fund</i>		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net (loss)/income excluding capital (depreciation)/appreciation	(22,706,683)	(24,644,840)	(21,826,256)	(3,782,997)	(2,638,310)	(2,083,629)	(2,528,627)	(1,733,309)	(1,484,518)
Capital (depreciation)/appreciation of investments – realised and unrealised	264,598,732	68,354,415	7,722,911	87,371,460	35,477,656	(27,405,798)	72,783,599	34,401,244	(28,601,958)
Value of scheme assets derived from investments as at 31 March	<u>2,217,074,448</u>	<u>2,500,235,766</u>	<u>2,198,399,149</u>	<u>383,459,417</u>	<u>265,085,054</u>	<u>193,218,780</u>	<u>354,791,387</u>	<u>249,007,201</u>	<u>174,873,434</u>

## Investment report for the year ended 31 March 2018 (continued)

### Investment income and performance (continued)

	<i>BEA (Industry Scheme) Asian Equity Fund</i>			<i>BEA China Tracker Fund</i>			<i>BEA Hong Kong Tracker Fund</i>		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net (loss)/income excluding capital (depreciation)/appreciation	(1,620,190)	(869,655)	(512,452)	1,010,815	816,435	576,421	1,598,477	984,031	635,633
Capital (depreciation)/appreciation of investments – realised and unrealised	29,201,347	10,828,136	(3,687,883)	9,762,740	5,804,632	(9,391,335)	12,628,350	5,667,324	(4,707,723)
Value of scheme assets derived from investments as at 31 March	<u>147,875,728</u>	<u>89,542,970</u>	<u>52,009,226</u>	<u>75,313,680</u>	<u>52,299,720</u>	<u>33,575,040</u>	<u>74,616,800</u>	<u>47,299,400</u>	<u>28,749,000</u>
	<i>BEA (Industry Scheme) RMB &amp; HKD Money Market Fund</i>			<i>BEA (Industry Scheme) Age 65 Plus Fund<sup>(1)</sup></i>			<i>BEA (Industry Scheme) Core Accumulation Fund<sup>(1)</sup></i>		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net (loss)/income excluding capital (depreciation)/appreciation	5,479,654	(781,808)	(221,618)	(1,335,838)	-	-	(2,424,453)	-	-
Capital (depreciation)/appreciation of investments – realised and unrealised	-	-	-	6,895,240	-	-	24,974,447	-	-
Value of scheme assets derived from investments as at 31 March	<u>81,386,732</u>	<u>52,226,572</u>	<u>35,199,285</u>	<u>332,484,932</u>	<u>-</u>	<u>-</u>	<u>479,582,135</u>	<u>-</u>	<u>-</u>

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Breakdown of income derived from investments and bank balances

#### For the year ended 31 March 2018

	<i>Dividend income</i> HK\$	<i>Interest on bank deposits</i> HK\$	<i>Total</i> HK\$
BEA (Industry Scheme) MPF			
Conservative Fund	-	24,745,610	24,745,610
BEA (Industry Scheme) Growth Fund	23,059,877	349,402	23,409,279
BEA (Industry Scheme) Balanced Fund	10,047,010	214,025	10,261,035
BEA (Industry Scheme) Stable Fund	10,766,448	862,554	11,629,002
BEA (Industry Scheme) Greater China Equity Fund	519,522	1,081	520,603
BEA (Industry Scheme) Hong Kong Equity Fund	1,457,790	719	1,458,509
BEA (Industry Scheme) Asian Equity Fund	1,936	201	2,137
BEA China Tracker Fund	1,463,640	18	1,463,658
BEA Hong Kong Tracker Fund	2,044,005	18	2,044,023
BEA (Industry Scheme) RMB & HKD Money Market Fund	-	1,700,943	1,700,943
BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	-	52	52
BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>	-	94	94

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Breakdown of income derived from investments and bank balances (continued)

#### For the year ended 31 March 2017

	<i>Dividend income</i> HK\$	<i>Interest on bank deposits</i> HK\$	<i>Total</i> HK\$
BEA (Industry Scheme) MPF			
Conservative Fund	-	18,401,706	18,401,706
BEA (Industry Scheme) Growth Fund	18,493,755	8,424	18,502,179
BEA (Industry Scheme) Balanced Fund	8,198,865	6,109	8,204,974
BEA (Industry Scheme) Stable Fund	9,601,700	14,624	9,616,324
BEA (Industry Scheme) Greater China Equity Fund	273,035	731	273,766
BEA (Industry Scheme) Hong Kong Equity Fund	979,090	672	979,762
BEA (Industry Scheme) Asian Equity Fund	6,804	124	6,928
BEA China Tracker Fund	1,117,440	15	1,117,455
BEA Hong Kong Tracker Fund	1,258,060	11	1,258,071
BEA (Industry Scheme) RMB & HKD Money Market Fund	-	1,006,874	1,006,874

## Investment report for the year ended 31 March 2018 (continued)

### Performance table

(a) **Total net asset value (at last traded market prices) and net asset value (at last traded market prices) per unit**

*Name of constituent funds*

	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	Total net asset value HK\$	Net asset value per unit HK\$	Total net asset value HK\$	Net asset value per unit HK\$	Total net asset value HK\$	Net asset value per unit HK\$
BEA (Industry Scheme) MPF Conservative Fund	2,661,587,181	13.2177	2,361,715,171	13.0879	2,082,280,452	12.9802
BEA (Industry Scheme) Growth Fund	2,695,933,739	22.8528	2,267,179,438	19.8109	1,949,623,156	18.2092
BEA (Industry Scheme) Balanced Fund	1,658,422,553	20.2378	1,422,766,863	17.9799	1,274,180,560	17.0574
BEA (Industry Scheme) Stable Fund	2,539,379,188	18.8813	2,692,940,094	17.2069	2,315,401,182	16.9015
BEA (Industry Scheme) Greater China Equity Fund	386,402,666	15.8148	273,261,261	12.2425	198,344,322	10.6758
BEA (Industry Scheme) Hong Kong Equity Fund	358,225,605	14.6527	257,035,407	11.6262	179,050,953	10.0223
BEA (Industry Scheme) Asian Equity Fund	149,094,729	14.8631	91,329,279	11.7225	53,222,378	10.2858
BEA China Tracker Fund	75,330,385	11.7399	52,354,550	9.8643	33,776,809	8.4462
BEA Hong Kong Tracker Fund	74,618,992	16.1994	47,396,718	12.7152	28,818,216	10.6654
BEA (Industry Scheme) RMB & HKD Money Market Fund	87,265,757	10.7691	56,117,627	9.9849	37,732,411	10.1887
BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	332,293,245	10.4596	-	-	-	-
BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>	479,375,452	10.9481	-	-	-	-
	<u>11,497,929,492</u>		<u>9,522,096,408</u>		<u>8,152,430,439</u>	

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.



## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

#### (b) Highest and lowest prices

	BEA (Industry Scheme) MPF Conservative Fund	BEA (Industry Scheme) Growth Fund	BEA (Industry Scheme) Balanced Fund	BEA (Industry Scheme) Stable Fund	BEA (Industry Scheme) Greater China Equity Fund <sup>(1)</sup>	BEA (Industry Scheme) Hong Kong Equity Fund <sup>(1)</sup>	BEA (Industry Scheme) Asian Equity Fund <sup>(1)</sup>	BEA China Tracker Fund <sup>(1)</sup>	BEA Hong Kong Tracker Fund <sup>(1)</sup>	BEA (Industry Scheme) RMB & HKD Money Market Fund <sup>(1)</sup>	BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>
Highest issue price per unit (at last traded market prices) (HK\$)												
2018	13.2168	24.2459	21.1157	19.3562	17.1542	16.0611	15.9979	13.4411	17.7884	10.7674	10.6019	11.4709
2017	13.0879	19.9191	18.1026	17.7368	12.5248	11.8709	11.9027	10.1898	12.9252	10.1839	-	-
2016	12.9802	20.7534	18.5391	17.5823	14.2344	13.7745	12.4573	13.5318	14.2322	10.3250	-	-
2015	12.8819	19.7096	17.8807	17.2569	12.4976	12.0507	11.9072	11.3299	12.6062	10.3147	-	-
2014	12.7372	18.8948	17.2472	16.7720	11.6340	11.3680	11.0780	10.4188	11.6978	10.3241	-	-
2013	12.6168	17.5169	16.4181	16.3395	10.8223	11.0508	10.9072	10.7679	11.3506	10.1001	-	-
2012	12.4736	17.5243	16.2467	16.0658	11.4170	11.2589	10.1647	10.1614	10.2756	-	-	-
2011	12.3420	17.1851	16.0577	15.9871	11.3614	11.6197	-	-	-	-	-	-
2010	12.2961	15.9604	14.9950	15.0147	10.0161	9.9997	-	-	-	-	-	-
2009	12.2403	17.3170	15.6490	14.9509	-	-	-	-	-	-	-	-

<sup>(1)</sup> The date of commencement for BEA (Industry Scheme) Greater China Equity Fund and BEA (Industry Scheme) Hong Kong Equity Fund was 4 January 2010.

The date of commencement for BEA (Industry Scheme) Asian Equity Fund, BEA China Tracker Fund and BEA Hong Kong Tracker Fund was 31 January 2012.

The date of commencement for BEA (Industry Scheme) RMB & HKD Money Market Fund was 3 July 2012.

The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

#### (b) Highest and lowest prices (continued)

	BEA (Industry Scheme) MPF Conservative Fund	BEA (Industry Scheme) Growth Fund	BEA (Industry Scheme) Balanced Fund	BEA (Industry Scheme) Stable Fund	BEA (Industry Scheme) Greater China Equity Fund <sup>(1)</sup>	BEA (Industry Scheme) Hong Kong Equity Fund <sup>(1)</sup>	BEA (Industry Scheme) Asian Equity Fund <sup>(1)</sup>	BEA China Tracker Fund <sup>(1)</sup>	BEA Hong Kong Tracker Fund <sup>(1)</sup>	BEA (Industry Scheme) RMB & HKD Money Market Fund <sup>(1)</sup>	BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>
Lowest redemption price per unit (at last traded market prices) (HK\$)												
2018	13.0891	19.7123	17.9595	17.2019	12.1411	11.5166	11.6725	9.5137	12.5539	9.9586	9.9998	9.9802
2017	12.9805	17.8688	16.8609	16.5864	10.0397	9.5558	9.7112	7.7290	10.1432	9.8349	-	-
2016	12.8823	16.8559	16.0385	16.0533	9.3968	8.8241	9.0232	7.0739	9.3940	9.9229	-	-
2015	12.7376	18.3419	16.9743	16.6863	10.7693	10.2449	10.7461	8.7107	10.6268	10.1037	-	-
2014	12.6182	16.6468	15.6959	15.7571	9.4096	9.3317	9.5976	8.0691	9.6427	10.0875	-	-
2013	12.4751	14.9318	14.5685	15.1031	8.4845	8.5377	8.8120	8.0759	8.7466	9.9609	-	-
2012	12.3421	13.9308	13.7965	14.5073	7.6995	7.5698	9.8020	9.0853	9.7465	-	-	-
2011	12.2962	14.2258	13.7418	14.0334	8.4873	8.6416	-	-	-	-	-	-
2010	12.2405	11.4054	11.4753	12.1963	8.8612	8.9774	-	-	-	-	-	-
2009	12.0211	10.1711	10.5016	11.4467	-	-	-	-	-	-	-	-

<sup>(1)</sup> The date of commencement for BEA (Industry Scheme) Greater China Equity Fund and BEA (Industry Scheme) Hong Kong Equity Fund was 4 January 2010.

The date of commencement for BEA (Industry Scheme) Asian Equity Fund, BEA China Tracker Fund and BEA Hong Kong Tracker Fund was 31 January 2012.

The date of commencement for BEA (Industry Scheme) RMB & HKD Money Market Fund was 3 July 2012.

The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

#### (c) Net annualised investment return <sup>(1)</sup>

Net annualised investment return (%)	BEA (Industry Scheme) MPF Conservative Fund <sup>(3)</sup>	BEA (Industry Scheme) Growth Fund	BEA (Industry Scheme) Balanced Fund	BEA (Industry Scheme) Stable Fund	BEA (Industry Scheme) Greater China Equity Fund <sup>(2)</sup>	BEA (Industry Scheme) Hong Kong Equity Fund <sup>(2)</sup>	BEA (Industry Scheme) Asian Equity Fund <sup>(2)</sup>	BEA China Tracker Fund <sup>(2)</sup>	BEA Hong Kong Tracker Fund <sup>(2)</sup>	BEA (Industry Scheme) RMB & HKD Money Market Fund <sup>(2)</sup>	BEA (Industry Scheme) Age 65 Plus Fund <sup>(2)</sup>	BEA (Industry Scheme) Core Accumulation Fund <sup>(2)</sup>
2018	0.99	15.35	12.56	9.73	29.18	26.03	26.79	19.01	27.40	7.85	4.60	9.48
2017	0.83	8.80	5.41	1.81	14.68	16.00	13.97	16.79	19.22	(2.00)	-	-
2016	0.76	(6.98)	(3.81)	(0.94)	(14.58)	(16.83)	(11.49)	(25.45)	(14.47)	(0.88)	-	-
2015	1.14	5.01	3.67	2.26	14.21	15.05	7.61	24.97	15.62	1.33	-	-
2014	0.95	7.59	5.29	3.06	7.13	1.43	1.82	(5.61)	1.18	0.68	-	-
2013	1.15	6.41	5.08	3.87	7.04	8.91	6.94	5.02	9.37	0.76	-	-
2012	1.07	(4.37)	(2.31)	(0.31)	(11.84)	(12.75)	(0.82)	(8.54)	(2.54)	-	-	-
2011	0.37	8.83	7.32	6.20	11.29	11.95	-	-	-	-	-	-
2010	0.46	38.11	29.13	21.05	(2.73)	(2.94)	-	-	-	-	-	-
2009	1.83	(30.10)	(24.29)	(17.91)	-	-	-	-	-	-	-	-

<sup>(1)</sup> The net annualised investment return represents the percentage change in unit price at the year end during each of these years except for the net investment return in the first financial period which was calculated as the percentage change in unit price between the unit price at the period end date and the initial offer price.

<sup>(2)</sup> The date of commencement for BEA (Industry Scheme) Greater China Equity Fund and BEA (Industry Scheme) Hong Kong Equity Fund was 4 January 2010.

The date of commencement for BEA (Industry Scheme) Asian Equity Fund, BEA China Tracker Fund and BEA Hong Kong Tracker Fund was 31 January 2012.

The date of commencement for BEA (Industry Scheme) RMB & HKD Money Market Fund was 3 July 2012.

The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

<sup>(3)</sup> The unit price of BEA (Industry Scheme) MPF Conservative Fund does not reflect the impact of fees and charges which are deducted from members' accounts by way of unit deduction.

## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

(d) **Fund Expense Ratio ("FER")**

<i>Name of constituent funds</i>	2018	
	<i>Transaction costs for the period/year ended 31 March HK\$</i>	<i>FER for the period/year ended 31 March</i>
BEA (Industry Scheme) MPF Conservative Fund	-	0.82%
BEA (Industry Scheme) Growth Fund	615,671	1.44%
BEA (Industry Scheme) Balanced Fund	323,579	1.40%
BEA (Industry Scheme) Stable Fund	521,617	1.35%
BEA (Industry Scheme) Greater China Equity Fund	6,951	1.31%
BEA (Industry Scheme) Hong Kong Equity Fund	24,362	1.30%
BEA (Industry Scheme) Asian Equity Fund	9,196	1.34%
BEA China Tracker Fund	41,838	1.26%
BEA Hong Kong Tracker Fund	47,151	0.71%
BEA (Industry Scheme) RMB & HKD Money Market Fund	-	0.77%
BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	-	0.77%
BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>	-	0.77%

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio

#### BEA (Industry Scheme) MPF Conservative Fund

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits</b>				
<i>Hong Kong Dollar</i>				
Bank of Communications Co., Ltd. F/D 1.21% 27 June 2018	56,707,675	56,707,675	56,707,675	2.13
Bank of Communications Co., Ltd. F/D 1.13% 04 July 2018	85,694,987	85,694,987	85,694,987	3.22
Bank of Communications Co., Ltd. F/D 1.43% 29 August 2018	13,304,652	13,304,652	13,304,652	0.50
Bank of Communications Co., Ltd. F/D 1.55% 10 October 2018	36,455,481	36,455,481	36,455,481	1.37
Bank of Communications Co., Ltd. F/D 1.66% 24 October 2018	35,227,582	35,227,582	35,227,582	1.32
Bank of East Asia, Limited F/D 1.07% 23 May 2018	6,663,006	6,663,006	6,663,006	0.25
Bank of East Asia, Limited F/D 1.06% 30 May 2018	52,200,250	52,200,250	52,200,250	1.96
Bank of East Asia, Limited F/D 1.16% 27 June 2018	30,725,491	30,725,491	30,725,491	1.15
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 0.92% 11 April 2018	48,412,799	48,412,799	48,412,799	1.82
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.15% 02 May 2018	8,953,254	8,953,254	8,953,254	0.34
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.15% 30 May 2018	28,210,304	28,210,304	28,210,304	1.06
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.00% 13 June 2018	27,988,368	27,988,368	27,988,368	1.05
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.08% 27 June 2018	73,312,799	73,312,799	73,312,799	2.75
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.29% 25 July 2018	10,503,970	10,503,970	10,503,970	0.39
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.19% 01 August 2018	18,018,397	18,018,397	18,018,397	0.68
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.21% 15 August 2018	11,187,632	11,187,632	11,187,632	0.42
China CITIC Bank International Limited F/D 1.02% 11 April 2018	27,458,700	27,458,700	27,458,700	1.03
China CITIC Bank International Limited F/D 1.42% 02 May 2018	42,099,593	42,099,593	42,099,593	1.58
China CITIC Bank International Limited F/D 1.42% 02 May 2018	97,720,421	97,720,421	97,720,421	3.67

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) MPF Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
China CITIC Bank International Limited F/D 1.29% 13 June 2018	20,974,692	20,974,692	20,974,692	0.79
China CITIC Bank International Limited F/D 1.49% 25 July 2018	37,782,193	37,782,193	37,782,193	1.42
China CITIC Bank International Limited F/D 1.49% 15 August 2018	9,048,933	9,048,933	9,048,933	0.34
Chong Hing Bank Limited F/D 1.10% 25 April 2018	71,264,056	71,264,056	71,264,056	2.68
Chong Hing Bank Limited F/D 1.05% 16 May 2018	65,540,175	65,540,175	65,540,175	2.46
Chong Hing Bank Limited F/D 1.05% 06 June 2018	21,200,000	21,200,000	21,200,000	0.80
Chong Hing Bank Limited F/D 1.10% 22 August 2018	60,112,767	60,112,767	60,112,767	2.26
Dah Sing Bank Limited F/D 0.95% 11 April 2018	40,000,000	40,000,000	40,000,000	1.50
Dah Sing Bank Limited F/D 1.15% 25 April 2018	88,151,659	88,151,659	88,151,659	3.31
Dah Sing Bank Limited F/D 1.20% 02 May 2018	87,316,899	87,316,899	87,316,899	3.28
DBS Bank (Hong Kong) Limited F/D 0.78% 25 April 2018	91,048,248	91,048,248	91,048,248	3.42
DBS Bank (Hong Kong) Limited F/D 1.10% 25 April 2018	48,087,636	48,087,636	48,087,636	1.81
DBS Bank (Hong Kong) Limited F/D 1.06% 01 August 2018	38,000,000	38,000,000	38,000,000	1.43
DBS Bank (Hong Kong) Limited F/D 1.36% 12 December 2018	13,448,164	13,448,164	13,448,164	0.51
DBS Bank (Hong Kong) Limited F/D 1.48% 02 January 2019	47,299,590	47,299,590	47,299,590	1.78
Fubon Bank (Hong Kong) Limited F/D 0.90% 11 April 2018	8,928,081	8,928,081	8,928,081	0.34
Fubon Bank (Hong Kong) Limited F/D 1.10% 25 April 2018	30,847,713	30,847,713	30,847,713	1.16
Fubon Bank (Hong Kong) Limited F/D 1.30% 25 April 2018	26,301,671	26,301,671	26,301,671	0.99
Fubon Bank (Hong Kong) Limited F/D 1.05% 13 June 2018	22,000,000	22,000,000	22,000,000	0.83

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) MPF Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
Fubon Bank (Hong Kong) Limited F/D 1.30% 15 August 2018	8,986,232	8,986,232	8,986,232	0.34
Fubon Bank (Hong Kong) Limited F/D 1.30% 29 August 2018	37,274,812	37,274,812	37,274,812	1.40
Fubon Bank (Hong Kong) Limited F/D 1.55% 26 September 2018	90,619,320	90,619,320	90,619,320	3.40
ICBC (Asia) Ltd F/D 1.15% 16 May 2018	18,898,878	18,898,878	18,898,878	0.71
ICBC (Asia) Ltd F/D 1.25% 30 May 2018	33,847,728	33,847,728	33,847,728	1.27
ICBC (Asia) Ltd F/D 1.35% 06 June 2018	40,691,285	40,691,285	40,691,285	1.53
ICBC (Asia) Ltd F/D 1.05% 13 June 2018	80,162,184	80,162,184	80,162,184	3.01
ICBC (Asia) Ltd F/D 1.50% 11 July 2018	18,749,610	18,749,610	18,749,610	0.70
ICBC (Asia) Ltd F/D 1.35% 29 August 2018	28,268,919	28,268,919	28,268,919	1.06
OCBC Wing Hang Bank Limited F/D 0.60% 11 April 2018	68,410,011	68,410,011	68,410,011	2.57
OCBC Wing Hang Bank Limited F/D 0.60% 11 April 2018	47,221,319	47,221,319	47,221,319	1.77
OCBC Wing Hang Bank Limited F/D 1.00% 03 October 2018	34,683,293	34,683,293	34,683,293	1.30
OCBC Wing Hang Bank Limited F/D 1.05% 21 November 2018	33,544,327	33,544,327	33,544,327	1.26
Sumitomo Mitsui Banking Corporation F/D 1.32% 25 April 2018	79,471,181	79,471,181	79,471,181	2.99
Sumitomo Mitsui Banking Corporation F/D 1.16% 06 June 2018	5,032,104	5,032,104	5,032,104	0.19
Sumitomo Mitsui Banking Corporation F/D 1.40% 06 June 2018	5,176,448	5,176,448	5,176,448	0.19

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) MPF Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
Sumitomo Mitsui Banking Corporation F/D 1.13% 13 June 2018	68,143,930	68,143,930	68,143,930	2.56
Sumitomo Mitsui Banking Corporation F/D 1.23% 27 June 2018	39,643,416	39,643,416	39,643,416	1.49
Sumitomo Mitsui Banking Corporation F/D 1.27% 15 August 2018	22,553,147	22,553,147	22,553,147	0.85
Sumitomo Mitsui Banking Corporation F/D 1.44% 15 August 2018	14,000,000	14,000,000	14,000,000	0.53
Wing Lung Bank Limited F/D 1.30% 11 April 2018	10,871,582	10,871,582	10,871,582	0.41
Wing Lung Bank Limited F/D 1.12% 13 June 2018	72,566,699	72,566,699	72,566,699	2.73
Wing Lung Bank Limited F/D 1.35% 29 August 2018	14,634,560	14,634,560	14,634,560	0.55
Wing Lung Bank Limited F/D 1.35% 12 September 2018	50,915,611	50,915,611	50,915,611	1.91
Wing Lung Bank Limited F/D 1.35% 21 November 2018	75,030,522	75,030,522	75,030,522	2.82
<b>Total investments</b>		<u>2,537,594,956</u>	<u>2,537,594,956</u>	<u>95.34</u>

Note: Investments are accounted for on a trade date basis.



## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) Growth Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	668,856.3080	78,918,356	68,905,725	2.93
BEA Union Investment Asia Strategic Growth Fund - Class A	637,069.0150	266,301,219	172,324,560	9.88
BEA Union Investment Global Bond Fund - Class A	3,887,161.8890	487,216,871	450,703,571	18.07
BEA Union Investment Global Equity Fund - Class A	487,996.2030	81,129,369	57,480,018	3.01
BEA Union Investment Greater China Growth Fund - Class A	149,442.9500	43,408,694	26,952,184	1.61
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	71,915.6340	9,568,375	8,254,455	0.35
BEA Union Investment Hong Kong Growth Fund - Class A	1,183,677.9310	411,931,757	270,772,074	15.28
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	401,189.2892	44,651,041	41,229,013	1.66
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	1,467,764.0603	21,414,678	21,400,000	0.79
Schroder Institutional Pooled Funds - European Equity Fund - Class B	2,345,240.4756	80,574,723	80,334,336	2.99
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	3,443,000.0000	104,667,200	94,002,166	3.88
<i>The United Kingdom</i>				
Vanguard FTSE Developed Europe UCITS ETF	325,635.0000	92,195,792	91,138,700	3.42
<i>The United States of America</i>				
iShares Europe ETF	466,957.0000	170,902,468	140,682,870	6.34
iShares MSCI Australia ETF	394,156.0000	68,122,643	59,448,701	2.53
iShares MSCI Japan ETF	507,107.0000	241,518,947	190,099,698	8.96
SPDR S&P 500 ETF Trust	153,788.0000	317,637,561	260,431,186	11.78
<b>Total investments</b>		<u>2,520,159,694</u>	<u>2,034,159,257</u>	<u>93.48</u>

Note: Investments are accounted for on a trade date basis.

# Investment report as at 31 March 2018 (continued)

## Investment portfolio (continued)

### BEA (Industry Scheme) Balanced Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	754,274.0080	88,996,790	78,858,644	5.37
BEA Union Investment Asia Strategic Growth Fund - Class A	297,623.6310	124,409,654	82,560,178	7.50
BEA Union Investment Global Bond Fund - Class A	4,612,771.6640	578,164,800	529,018,855	34.86
BEA Union Investment Global Equity Fund - Class A	206,179.6440	34,277,366	21,938,388	2.07
BEA Union Investment Greater China Growth Fund - Class A	69,082.1360	20,066,288	12,459,016	1.21
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	87,696.9350	11,668,077	10,337,462	0.70
BEA Union Investment Hong Kong Growth Fund - Class A	493,374.4230	171,699,233	110,653,104	10.35
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	210,807.7279	23,462,203	22,289,356	1.41
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	884,773.6625	12,908,848	12,900,000	0.78
Schroder Institutional Pooled Funds - European Equity Fund - Class B	1,086,842.6108	37,340,326	37,228,924	2.25
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	1,658,500.0000	50,418,400	47,238,087	3.04
<i>The United Kingdom</i>				
Vanguard FTSE Developed Europe UCITS ETF	136,315.0000	38,594,345	38,151,688	2.33
<i>The United States of America</i>				
iShares Europe ETF	195,200.0000	71,441,614	59,262,240	4.31
iShares MSCI Australia ETF	167,740.0000	28,990,785	24,856,954	1.75
iShares MSCI Japan ETF	219,352.0000	104,470,386	82,581,194	6.30
SPDR S&P 500 ETF Trust	68,436.0000	141,349,417	118,634,542	8.52
<b>Total investments</b>		<u>1,538,258,532</u>	<u>1,288,968,632</u>	<u>92.75</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) Stable Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	1,212,985.4090	143,120,148	134,260,279	5.64
BEA Union Investment Asia Strategic Growth Fund - Class A	278,030.0300	116,219,333	79,314,541	4.58
BEA Union Investment Global Bond Fund - Class A	9,913,299.7840	1,242,532,995	1,135,793,246	48.93
BEA Union Investment Global Equity Fund - Class A	205,988.3300	34,245,560	22,812,382	1.35
BEA Union Investment Greater China Growth Fund - Class A	67,645.3230	19,648,937	12,199,846	0.77
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	89,076.0950	11,851,574	10,570,798	0.47
BEA Union Investment Hong Kong Growth Fund - Class A	443,350.6250	154,290,451	110,430,636	6.08
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	201,928.4774	22,473,972	20,538,966	0.88
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	2,572,016.4609	37,525,720	37,500,000	1.48
Schroder Institutional Pooled Funds - European Equity Fund - Class B	581,058.0521	19,963,237	19,903,679	0.79
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	1,905,500.0000	57,927,200	56,287,334	2.28
<i>The United Kingdom</i>				
Vanguard FTSE Developed Europe UCITS ETF	135,374.0000	38,327,923	37,888,175	1.51
<i>The United States of America</i>				
iShares Europe ETF	193,763.0000	70,915,684	59,024,057	2.79
iShares MSCI Australia ETF	169,741.0000	29,336,622	26,352,450	1.15
iShares MSCI Japan ETF	201,564.0000	95,998,527	78,500,958	3.78
SPDR S&P 500 ETF Trust	59,405.0000	122,696,565	107,551,210	4.83
<b>Total investments</b>		<u>2,217,074,448</u>	<u>1,948,928,557</u>	<u>87.31</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) Greater China Equity Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Greater China Growth Fund - Class A	1,179,231.9710	342,531,511	227,369,078	88.65
BEA Union Investment Hong Kong Growth Fund - Class A	95,248.7720	33,147,525	21,955,777	8.58
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	125,546.0000	3,816,598	2,712,393	0.99
<i>The United States of America</i>				
iShares MSCI Taiwan ETF	13,172.0000	3,963,783	3,910,720	1.02
<b>Total investments</b>		<u>383,459,417</u>	<u>255,947,968</u>	<u>99.24</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) Hong Kong Equity Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Hong Kong Growth Fund - Class A	880,631.3240	306,468,507	215,642,735	85.55
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Hang Seng China Enterprises Index ETF	40,400.0000	4,896,480	4,725,188	1.37
Tracker Fund of Hong Kong	1,428,500.0000	43,426,400	32,602,472	12.12
<b>Total investments</b>		<u>354,791,387</u>	<u>252,970,395</u>	<u>99.04</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) Asian Equity Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Strategic Growth Fund - Class A	314,265.6860	131,366,199	97,696,892	88.11
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	140,198.2679	15,603,604	13,227,548	10.46
<b>Approved Index-Tracking Fund</b>				
<i>The United Kingdom</i>				
iShares MSCI AC Far East ex-Japan UCITS ETF USD (Dist)	1,928.0000	905,925	938,387	0.61
<b>Total investments</b>		<u>147,875,728</u>	<u>111,862,827</u>	<u>99.18</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA China Tracker Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Index - Tracking Fund</b>				
<i>Hong Kong</i>				
Hang Seng China Enterprises Index ETF	621,400.0000	75,313,680	66,476,710	99.98
<b>Total investments</b>		<u>75,313,680</u>	<u>66,476,710</u>	<u>99.98</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### **BEA Hong Kong Tracker Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Index-Tracking Fund</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	2,454,500.0000	74,616,800	60,630,505	100.00
<b>Total investments</b>		<u>74,616,800</u>	<u>60,630,505</u>	<u>100.00</u>

Note: Investments are accounted for on a trade date basis.



## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) RMB & HKD Money Market Fund

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short - term deposits</b>				
<i>Hong Kong Dollar</i>				
Bank of Communications Co., Ltd. F/D 1.53% 20 June 2018	1,000,000	1,000,000	1,000,000	1.15
Bank of Communications Co., Ltd. F/D 1.13% 04 July 2018	461,674	461,674	461,674	0.53
Bank of Communications Co., Ltd. F/D 1.66% 24 October 2018	2,400,000	2,400,000	2,400,000	2.75
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.16% 18 April 2018	906,986	906,986	906,986	1.04
China CITIC Bank International Limited F/D 1.11% 25 April 2018	1,216,764	1,216,764	1,216,764	1.39
China CITIC Bank International Limited F/D 1.36% 30 May 2018	993,817	993,817	993,817	1.14
China CITIC Bank International Limited F/D 1.49% 25 July 2018	1,774,973	1,774,973	1,774,973	2.03
China CITIC Bank International Limited F/D 1.25% 08 August 2018	1,033,514	1,033,514	1,033,514	1.18
China CITIC Bank International Limited F/D 1.49% 08 August 2018	864,671	864,671	864,671	0.99
China CITIC Bank International Limited F/D 1.46% 12 September 2018	1,544,170	1,544,170	1,544,170	1.77
Chong Hing Bank Limited F/D 0.85% 04 April 2018	912,635	912,635	912,635	1.05
Chong Hing Bank Limited F/D 1.05% 30 May 2018	1,230,722	1,230,722	1,230,722	1.41
Chong Hing Bank Limited F/D 1.05% 18 July 2018	2,124,095	2,124,095	2,124,094	2.43
Chong Hing Bank Limited F/D 1.15% 12 September 2018	750,000	750,000	750,000	0.86
Fubon Bank (Hong Kong) Limited F/D 1.25% 27 June 2018	600,000	600,000	600,000	0.69
Fubon Bank (Hong Kong) Limited F/D 1.30% 15 August 2018	940,000	940,000	940,000	1.08
Fubon Bank (Hong Kong) Limited F/D 1.30% 29 August 2018	847,515	847,515	847,515	0.97
Fubon Bank (Hong Kong) Limited F/D 1.55% 03 October 2018	770,317	770,317	770,317	0.88
Fubon Bank (Hong Kong) Limited F/D 1.45% 31 October 2018	1,900,000	1,900,000	1,900,000	2.18
ICBC (Asia) Ltd F/D 1.55% 04 July 2018	565,070	565,070	565,070	0.65

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) RMB & HKD Money Market Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short - term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
ICBC (Asia) Ltd F/D 1.40% 15 August 2018	2,040,707	2,040,707	2,040,707	2.34
Sumitomo Mitsui Banking Corporation F/D 1.27% 25 April 2018	1,004,574	1,004,574	1,004,574	1.15
Sumitomo Mitsui Banking Corporation F/D 1.26% 16 May 2018	600,000	600,000	600,000	0.69
Sumitomo Mitsui Banking Corporation F/D 1.21% 30 May 2018	439,152	439,152	439,152	0.50
Sumitomo Mitsui Banking Corporation F/D 1.47% 03 October 2018	1,092,421	1,092,421	1,092,421	1.25
Sumitomo Mitsui Banking Corporation F/D 1.45% 21 November 2018	361,053	361,053	361,053	0.41
Sumitomo Mitsui Banking Corporation F/D 1.82% 02 January 2019	990,411	990,411	990,411	1.13
Wing Lung Bank Limited F/D 1.15% 04 April 2018	463,000	463,000	463,000	0.53
Wing Lung Bank Limited F/D 1.30% 11 April 2018	453,328	453,328	453,328	0.52
<i>Renminbi</i>				
Australia and New Zealand Banking Group Limited F/D 3.63% 11 April 2018	3,000,231	3,760,039	3,592,026	4.31
Australia and New Zealand Banking Group Limited F/D 3.66% 27 June 2018	1,020,641	1,279,118	1,264,727	1.47
Bank of Communications Co., Ltd. F/D 3.50% 27 June 2018	1,957,206	2,452,868	2,425,271	2.81
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.73% 18 April 2018	770,000	965,002	951,219	1.11
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.78% 09 May 2018	442,368	554,398	549,643	0.64
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.85% 16 May 2018	1,846,467	2,314,085	2,292,574	2.65
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.83% 04 July 2018	2,201,213	2,758,670	2,753,167	3.16
Chong Hing Bank Limited F/D 3.60% 09 May 2018	1,650,000	2,067,862	2,049,960	2.37
Credit Agricole Corporate and Investment Bank F/D 3.55% 11 April 2018	3,014,731	3,778,212	3,609,387	4.33

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) RMB & HKD Money Market Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short - term deposits (continued)</b>				
<i>Renminbi (continued)</i>				
Credit Agricole Corporate and Investment Bank F/D 3.65% 25 April 2018	1,639,845	2,055,136	2,002,005	2.35
Credit Agricole Corporate and Investment Bank F/D 3.73% 27 June 2018	706,799	885,796	875,830	1.02
Dah Sing Bank Limited F/D 3.90% 11 April 2018	330,000	413,573	396,066	0.47
Dah Sing Bank Limited F/D 4.00% 11 April 2018	3,090,612	3,873,310	3,700,235	4.44
Dah Sing Bank Limited F/D 3.65% 18 April 2018	275,000	344,644	341,440	0.39
Dah Sing Bank Limited F/D 4.05% 09 May 2018	1,745,863	2,188,003	2,169,235	2.51
Dah Sing Bank Limited F/D 3.90% 30 May 2018	680,000	852,210	841,806	0.98
ICBC (Asia) Ltd F/D 4.05% 11 April 2018	263,990	330,846	316,063	0.38
ICBC (Asia) Ltd F/D 3.80% 18 April 2018	350,000	438,637	433,405	0.50
ICBC (Asia) Ltd F/D 3.95% 13 June 2018	1,237,789	1,551,259	1,534,858	1.78
ICBC (Asia) Ltd F/D 3.95% 27 June 2018	601,012	753,218	744,744	0.86
ICBC (Asia) Ltd F/D 3.95% 04 July 2018	1,358,099	1,702,038	1,698,643	1.95
OCBC Wing Hang Bank Limited F/D 3.35% 18 April 2018	1,744,450	2,186,232	2,118,548	2.51
OCBC Wing Hang Bank Limited F/D 3.55% 25 April 2018	1,704,952	2,136,731	2,081,491	2.45
OCBC Wing Hang Bank Limited F/D 3.60% 27 June 2018	1,820,000	2,280,915	2,259,621	2.61
Sumitomo Mitsui Banking Corporation F/D 3.80% 11 April 2018	1,145,378	1,435,445	1,371,304	1.64
Sumitomo Mitsui Banking Corporation F/D 3.90% 02 May 2018	410,000	513,833	508,420	0.59
Sumitomo Mitsui Banking Corporation F/D 3.70% 09 May 2018	594,541	745,108	738,717	0.85

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (Industry Scheme) RMB & HKD Money Market Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short - term deposits (continued)</b>				
<i>Renminbi (continued)</i>				
Sumitomo Mitsui Banking Corporation F/D 3.70% 30 May 2018	444,671	557,284	550,481	0.64
Wing Lung Bank Limited F/D 3.60% 11 April 2018	1,351,189	1,693,378	1,617,711	1.94
Wing Lung Bank Limited F/D 3.50% 02 May 2018	2,406,254	3,015,638	2,973,167	3.46
Wing Lung Bank Limited F/D 3.70% 13 June 2018	974,806	1,221,675	1,208,759	1.40
<b>Total investments</b>		<u>81,386,732</u>	<u>80,252,091</u>	<u>93.26</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### **BEA (Industry Scheme) Age 65 Plus Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Age 65 Plus Fund - Class I	3,145,552.8130	332,484,932	325,678,069	100.06
<b>Total investments</b>		<u>332,484,932</u>	<u>325,678,069</u>	<u>100.06</u>

Note: Investment are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### **BEA (Industry Scheme) Core Accumulation Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Core Accumulation Fund - Class I	4,312,401.1800	479,582,135	454,703,036	100.04
<b>Total investments</b>		<u>479,582,135</u>	<u>454,703,036</u>	<u>100.04</u>

Note: Investment are accounted for on a trade date basis.

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio

### *BEA (Industry Scheme) MPF Conservative Fund*

	% of net assets	
	As at	As at
	31 March 2018	31 March 2017
Short-term deposits	<u>95.34%</u>	<u>95.67%</u>

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (Industry Scheme) Growth Fund

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Pooled Investment Funds				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	590,805.5310	78,050.7770	-	668,856.3080
BEA Union Investment Asia Strategic Growth Fund - Class A	705,430.2520	49,517.7380	117,878.9750	637,069.0150
BEA Union Investment Global Bond Fund - Class A	3,922,356.5320	768,445.5150	803,640.1580	3,887,161.8890
BEA Union Investment Global Equity Fund - Class A	450,951.6080	37,044.5950	-	487,996.2030
BEA Union Investment Greater China Growth Fund - Class A	149,442.9500	-	-	149,442.9500
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	71,915.6340	-	-	71,915.6340
BEA Union Investment Hong Kong Growth Fund - Class A	1,088,557.5910	154,142.4340	59,022.0940	1,183,677.9310
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	350,926.4078	223,119.9666	172,857.0852	401,189.2892
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	-	1,467,764.0603	-	1,467,764.0603
Schroder Institutional Pooled Funds - European Equity Fund - Class A	2,573,960.4842	-	2,573,960.4842	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	2,345,240.4756	-	2,345,240.4756



## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (Industry Scheme) Growth Fund (continued)

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	<i>As at 31 March 2018 Units</i>
<b>Approved Index - Tracking Funds</b>				
iShares Core FTSE 100 UCITS ETF GBP (Dist)	127,129.0000	-	127,129.0000	-
iShares Europe ETF	759,048.0000	161,019.0000	453,110.0000	466,957.0000
iShares MSCI Australia ETF	351,467.0000	42,689.0000	-	394,156.0000
iShares MSCI Japan ETF	504,278.0000	115,245.0000	112,416.0000	507,107.0000
SPDR S&P 500 ETF Trust	165,028.0000	90,469.0000	101,709.0000	153,788.0000
Tracker Fund of Hong Kong	4,505,000.0000	4,060,000.0000	5,122,000.0000	3,443,000.0000
Vanguard FTSE Developed Europe UCITS ETF	-	325,635.0000	-	325,635.0000

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (Industry Scheme) Balanced Fund

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Pooled Investment Funds				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	662,327.4540	91,946.5540	-	754,274.0080
BEA Union Investment Asia Strategic Growth Fund - Class A	323,295.9110	31,774.8420	57,447.1220	297,623.6310
BEA Union Investment Global Bond Fund - Class A	4,450,781.7340	754,868.4520	592,878.5220	4,612,771.6640
BEA Union Investment Global Equity Fund - Class A	206,179.6440	-	-	206,179.6440
BEA Union Investment Greater China Growth Fund - Class A	69,082.1360	-	-	69,082.1360
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	87,696.9350	-	-	87,696.9350
BEA Union Investment Hong Kong Growth Fund - Class A	511,658.7000	61,585.9060	79,870.1830	493,374.4230
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	147,841.2558	136,004.4185	73,037.9464	210,807.7279
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	-	884,773.6625	-	884,773.6625
Schroder Institutional Pooled Funds - European Equity Fund - Class A	1,192,837.1364	-	1,192,837.1364	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	1,086,842.6108	-	1,086,842.6108

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (Industry Scheme) Balanced Fund (continued)

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Index-Tracking Funds				
iShares Europe ETF	349,387.0000	85,323.0000	239,510.0000	195,200.0000
iShares MSCI Australia ETF	162,946.0000	4,794.0000	-	167,740.0000
iShares MSCI Japan ETF	232,494.0000	59,497.0000	72,639.0000	219,352.0000
SPDR S&P 500 ETF Trust	73,860.0000	48,574.0000	53,998.0000	68,436.0000
Tracker Fund of Hong Kong	1,656,000.0000	2,273,000.0000	2,270,500.0000	1,658,500.0000
Vanguard FTSE Developed Europe UCITS ETF	-	136,315.0000	-	136,315.0000

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (Industry Scheme) Stable Fund

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	599,574.7750	734,514.3630	121,103.7290	1,212,985.4090
BEA Union Investment Asia Strategic Growth Fund - Class A	381,848.5800	41,661.0740	145,479.6240	278,030.0300
BEA Union Investment Global Bond Fund - Class A	13,543,152.0410	1,918,461.6490	5,548,313.9060	9,913,299.7840
BEA Union Investment Global Equity Fund - Class A	227,864.5720	-	21,876.2420	205,988.3300
BEA Union Investment Greater China Growth Fund - Class A	75,183.9490	-	7,538.6260	67,645.3230
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	100,146.6560	-	11,070.5610	89,076.0950
BEA Union Investment Hong Kong Growth Fund - Class A	550,297.9990	142,978.3550	249,925.7290	443,350.6250
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	189,833.4910	103,109.1667	91,014.1803	201,928.4774
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	-	2,572,016.4609	-	2,572,016.4609
Schroder Institutional Pooled Funds - European Equity Fund - Class A	717,992.2112	-	717,992.2112	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	581,058.0521	-	581,058.0521
<b>Approved Index-Tracking Funds</b>				
iShares Europe ETF	454,258.0000	107,204.0000	367,699.0000	193,763.0000
iShares MSCI Australia ETF	193,791.0000	33,778.0000	57,828.0000	169,741.0000
iShares MSCI Japan ETF	267,423.0000	110,618.0000	176,477.0000	201,564.0000
SPDR S&P 500 ETF Trust	83,834.0000	68,369.0000	92,798.0000	59,405.0000
Tracker Fund of Hong Kong	1,865,500.0000	3,438,000.0000	3,398,000.0000	1,905,500.0000
Vanguard FTSE Developed Europe UCITS ETF	-	135,374.0000	-	135,374.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (Industry Scheme) Greater China Equity Fund

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Pooled Investment Funds				
BEA Union Investment Greater China Growth Fund - Class A	1,053,946.9180	125,285.0530	-	1,179,231.9710
BEA Union Investment Hong Kong Growth Fund - Class A	86,856.2990	8,392.4730	-	95,248.7720
Approved Index-Tracking Fund				
Tracker Fund of Hong Kong	433,546.0000	-	308,000.0000	125,546.0000
iShares MSCI Taiwan ETF	-	14,609.0000	1,437.0000	13,172.0000

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (Industry Scheme) Hong Kong Equity Fund

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Pooled Investment Fund				
BEA Union Investment Hong Kong Growth Fund - Class A	789,667.0290	90,964.2950	-	880,631.3240
Approved Index - Tracking Fund				
Hang Seng China Enterprises Index ETF	-	46,800.0000	6,400.0000	40,400.0000
Tracker Fund of Hong Kong	1,448,000.0000	190,000.0000	209,500.0000	1,428,500.0000

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (Industry Scheme) Asian Equity Fund

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Pooled Investment Funds				
BEA Union Investment Asia Strategic Growth Fund - Class A	243,556.9020	70,708.7840	-	314,265.6860
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	110,402.4864	78,849.5861	49,053.8046	140,198.2679
Approved Index - Tracking Fund				
iShares MSCI AC Far East ex-Japan UCITS ETF USD (Dist)	3,250.0000	9,485.0000	10,807.0000	1,928.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### **BEA China Tracker Fund**

	Portfolio holdings			
	As at 31 March 2017 Units	Additions Units	Disposals Units	As at 31 March 2018 Units
Approved Index-Tracking Fund				
Hang Seng China Enterprises Index ETF	505,800.0000	164,400.0000	48,800.0000	621,400.0000



# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA Hong Kong Tracker Fund

	<i>Portfolio holdings</i>		
	<i>As at 31 March 2017 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>
<b>Approved Index-Tracking Fund</b>			<i>As at 31 March 2018 Units</i>
Tracker Fund of Hong Kong	1,938,500.0000	733,000.0000	217,000.0000
	<u>2,454,500.0000</u>	<u>2,454,500.0000</u>	<u>2,454,500.0000</u>

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### *BEA (Industry Scheme) RMB & HKD Money Market Fund*

	% of net assets	
	As at	As at
	31 March 2018	31 March 2017
<b>Short-term deposits</b>		
Hong Kong Dollar	34.69%	38.18%
Renminbi	58.57%	54.89%
	<u>93.26%</u>	<u>93.07%</u>

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (Industry Scheme) Age 65 Plus Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	<i>As at 31 March 2018 Units</i>
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Age 65 Plus Fund - Class I	-	3,203,435.9580	57,883.1450	3,145,552.8130

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (Industry Scheme) Core Accumulation Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	<i>As at 31 March 2018 Units</i>
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Core Accumulation Fund - Class I	-	4,331,799.0100	19,397.8300	4,312,401.1800



# Independent auditor's report to the Trustee of BEA (MPF) Industry Scheme ("the Scheme")

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Scheme set out on pages 74 to 130, which comprise the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of each of its constituent funds as at 31 March 2018, and the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, and the statement of comprehensive income and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 31 March 2018, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### *Basis for Opinion*

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditor's report to the Trustee of BEA (MPF) Industry Scheme ("the Scheme") (continued)

### **Report on the Audit of the Financial Statements (continued)**

#### *Information Other than the Financial Statements and Auditor's Report Thereon*

The Manager and the Trustee of the Scheme are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of Manager and Trustee for the Financial Statements*

The Manager and the Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Scheme are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

In addition, the Manager and the Trustee are required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation").

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

## Independent auditor's report to the Trustee of BEA (MPF) Industry Scheme ("the Scheme") (continued)

### **Report on the Audit of the Financial Statements (continued)**

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee of the Scheme.



## Independent auditor's report to the Trustee of BEA (MPF) Industry Scheme ("the Scheme") (continued)

### Report on the Audit of the Financial Statements (continued)

#### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee of the Scheme regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on matters under the Mandatory Provident Fund Schemes (General) Regulation

- a. In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- b. We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

10 September 2018



## Independent auditor's assurance report

To the Trustee of BEA (MPF) Industry Scheme ("the Scheme")

We have audited the financial statements of the Scheme for the year ended 31 March 2018 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* ("PN 860.1 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 10 September 2018.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("MPFSO") and the General Regulation.

### *Trustee's responsibility*

The General Regulation requires the Trustee to ensure that:

- a. proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- b. the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority ("MPFA") under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- c. the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4), 34DI(1) and (2) and 34DJ(2), (3), (4) and (5) the MPFSO are complied with; and
- d. the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Our independence and quality control*

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Independent auditor's assurance report (continued)

### *Auditor's responsibility*

Our responsibility is to report solely to you, on the Scheme's compliance with the above requirements based on the results of the procedures performed by us, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to PN 860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended on PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

Based on the foregoing:

1. In our opinion:
  - a. proper accounting and other records have been kept during the year ended 31 March 2018 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - b. the requirements specified in the guidelines made by the MPFA under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 29 September 2017, 29 December 2017 and 31 March 2018; and
  - c. the requirements specified in the MPFSO under section 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund have been complied with, in all material respects, as at 29 September 2017, 29 December 2017 and 31 March 2018;

## Independent auditor's assurance report (continued)

### *Opinion (continued)*

- d. the requirements specified in the MPFSO under sections 34DI(1) and (2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund have been complied with, in all material respects, during the period from 1 April 2017 to 31 March 2018; and
  - e. the requirements specified in section 34DD(4)(b) of the MPFSO with respect to the controls of out-of-pocket expenses of the BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund have been complied with, in all material respects, as at 31 March 2018.
2. as at 31 March 2018, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Other Matter*

The requirements specified in the MPFSO under section 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice relating to BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund are not applicable to the Trustee during the year ended 31 March 2018 as the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on this section.

### *Intended users and purpose*

This report is intended solely for submission by the Trustee to the MPFA pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purposes.



Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

10 September 2018

## Statement of changes in net assets available for benefits - Industry Scheme for the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Income</b>			
Net gain on investments	8	1,043,289,033	399,546,463
Interest on bank deposits		2,307,188	2,261,640
<b>Total investment income</b>		<u>1,045,596,221</u>	<u>401,808,103</u>
<b>Expenses</b>			
Administrative and other expenses		<u>2,386,537</u>	<u>2,207,395</u>
<b>Total operating expenses</b>		<u>2,386,537</u>	<u>2,207,395</u>
<b>Net profit</b>		<u>1,043,209,684</u>	<u>399,600,708</u>
<b>Contributions received and receivable</b>	11		
From employers			
– Mandatory		778,464,439	689,917,405
– Additional voluntary		579,055	348,922
From members			
– Mandatory		778,478,449	690,484,968
– Additional voluntary		452,541	420,103
		<u>1,557,974,484</u>	<u>1,381,171,398</u>
<b>Contribution surcharge</b>		<u>2,531,772</u>	<u>1,761,224</u>

## Statement of changes in net assets available for benefits - Industry Scheme for the year ended 31 March 2018 (continued)

	Note	2018 HK\$	2017 HK\$
<b>Transfers in</b>			
Group transfers in from other schemes		96,131,001	85,609,604
Individual transfers in from other schemes		17,167,875	15,472,646
Special contributions		-	56,865
		<u>113,298,876</u>	<u>101,139,115</u>
<b>Benefits paid and payable</b>	12		
Retirement		193,316,278	137,496,894
Early retirement		60,146,942	47,050,227
Terminal illness		4,515,378	5,751,980
Death		16,217,067	13,081,775
Permanent departure		48,239,505	33,895,554
Total incapacity		7,617,331	6,541,361
Small balance		33,519	31,343
Refund of contributions to leavers or employers		<u>385,377</u>	<u>1,001,974</u>
		<u>330,471,397</u>	<u>244,851,108</u>
<b>Transfers out</b>			
Group transfers out to other schemes		65,679,829	38,441,237
Individual transfers out to other schemes		<u>279,401,799</u>	<u>180,303,962</u>
		<u>345,081,628</u>	<u>218,745,199</u>

## Statement of changes in net assets available for benefits - Industry Scheme for the year ended 31 March 2018 (continued)

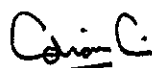
	<i>Note</i>	<i>2018</i> HK\$	<i>2017</i> HK\$
<b>Long service payments and severance payments</b>		38,796,353	22,760,518
		-----	-----
<b>Fees and expenses deduction for conservative fund</b>		20,696,616	18,120,961
		-----	-----
<b>Changes in net assets available for benefits attributable to members</b>		1,981,968,822	1,379,194,659
		=====	=====

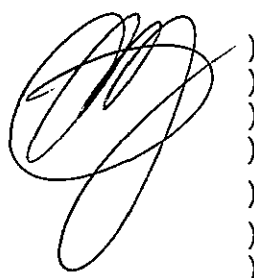
The notes on pages 87 to 130 form part of these financial statements.

# Statement of net assets available for benefits - Industry Scheme as at 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Assets</b>			
Investments	6	11,497,929,492	9,521,349,203
Contributions receivable			
– from employers		52,309,382	34,100,136
– from members		52,266,705	34,192,224
Interest receivables		144,767	193,538
Other receivables		154,227	123,521
Bank balances	7, 9(d)	22,811,397	47,192,532
<b>Total assets</b>		<u>11,625,615,970</u>	<u>9,637,151,154</u>
<b>Liabilities</b>			
Benefits payable		13,962,669	8,754,391
Accruals and other payables		7,196,008	5,908,292
<b>Liabilities (excluding net assets available for benefits attributable to members)</b>		<u>21,158,677</u>	<u>14,662,683</u>
<b>Net assets available for benefits attributable to members</b>		<u>11,604,457,293</u>	<u>9,622,488,471</u>

Approved and authorised for issue by the Trustee on 10 September 2018





) For and on behalf of  
) Bank of East Asia (Trustees) Limited  
) 東亞銀行 (信託) 有限公司  
)  
)

The notes on pages 87 to 130 form part of these financial statements.

## Cash flow statement - Industry Scheme for the year ended 31 March 2018

	2018 HK\$	2017 HK\$
<b>Cash flows from operating activities</b>		
Net profit	1,043,209,684	399,600,708
Adjustments for:		
Net gain on investments	(1,043,289,033)	(399,546,463)
Interest on bank deposits	(2,307,188)	(2,261,640)
Fees and expenses deduction for conservative fund	(20,696,616)	(18,120,961)
	(23,083,153)	(20,328,356)
Proceeds from sale of investments	1,575,872,439	599,145,373
Payments for purchase of investments	(2,509,163,695)	(1,568,588,049)
Increase in other receivables	(30,706)	(20,947)
Increase in accruals and other payables	1,287,716	1,200,914
Interest received on bank deposits	2,355,959	2,213,022
<b>Net cash used in operating activities</b>	(952,761,440)	(986,378,043)
<b>Cash flows from financing activities</b>		
Contributions and transfers in received	1,637,521,405	1,495,572,844
Benefits paid, transfers out, long service payments and severance payments	(709,141,100)	(494,425,995)
<b>Net cash generated from financing activities</b>	928,380,305	1,001,146,849
<b>Net (decrease)/increase in cash and cash     equivalents</b>	(24,381,135)	14,768,806
<b>Cash and cash equivalents at the     beginning of the year</b>	47,192,532	32,423,726
<b>Cash and cash equivalents at the     end of the year</b>	22,811,397	47,192,532
<b>Analysis of balance of cash and cash     equivalents</b>		
Bank balances	22,811,397	47,192,532

The notes on pages 87 to 130 form part of these financial statements.



## Statement of comprehensive income - Constituent funds for the year ended 31 March 2018

		2018											
	Note	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$	BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup> HK\$
Income													
Net gain on investments	8	-	369,487,269	193,651,411	264,598,732	87,371,460	72,783,599	29,201,347	9,762,740	12,628,350	-	6,895,240	24,974,447
Dividend income		-	23,059,877	10,047,010	10,766,448	519,522	1,457,790	1,936	1,463,640	2,044,005	-	-	-
Interest on bank deposits		24,745,610	349,402	214,025	862,554	1,081	719	201	18	18	1,700,943	52	94
Exchange gain/(loss)		-	192,198	237,506	855,661	963	-	(65,760)	-	-	4,331,317	-	-
Total investment income		24,745,610	393,088,746	204,149,952	277,083,395	87,893,026	74,242,108	29,137,724	11,226,398	14,672,373	6,032,260	6,895,292	24,974,541
Expenses													
Sponsor's fees	9(a)	-	30,640,763	18,863,999	30,908,854	4,131,528	3,836,973	1,501,319	391,495	378,953	552,606	1,273,908	2,345,590
Professional indemnity insurance		-	81,627	51,576	91,954	9,931	9,279	-	-	-	-	2,460	3,312
Safe custody and bank charges		3,710	142,142	73,159	78,129	6,677	7,534	-	3,124	3,576	-	-	-
Auditor's remuneration		-	81,867	81,265	81,866	9,992	9,992	-	-	-	-	9,500	9,500
Printing and publication		-	92,063	62,151	98,524	24,851	24,097	-	-	-	-	18,322	19,928
Transaction costs		-	615,671	323,579	521,617	6,951	24,362	9,196	41,838	47,151	-	-	-
Miscellaneous expenses		-	719,946	423,405	672,525	79,735	74,899	46,052	16,386	15,866	-	31,700	46,217
Total operating expenses		3,710	32,374,079	19,879,134	32,453,469	4,269,665	3,987,136	1,556,567	452,843	445,546	552,606	1,335,890	2,424,547
Profit before taxation		24,741,900	360,714,667	184,270,818	244,629,926	83,623,361	70,254,972	27,581,157	10,773,555	14,226,827	5,479,654	5,559,402	22,549,994
Overseas withholding tax	14	-	(5,765,445)	(2,578,980)	(2,737,877)	(34,898)	-	-	-	-	-	-	-
Changes in net assets attributable to members from operations													
		24,741,900	354,949,222	181,691,838	241,892,049	83,588,463	70,254,972	27,581,157	10,773,555	14,226,827	5,479,654	5,559,402	22,549,994

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

The notes on pages 87 to 130 form part of these financial statements.

## Statement of comprehensive income - Constituent funds for the year ended 31 March 2018 (continued)

		2017									
	Note	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$
Income											
Net gain on investments	8	-	191,816,095	82,353,398	68,354,415	35,477,656	34,401,244	10,828,136	5,804,632	5,667,324	-
Dividend income		-	18,493,755	8,198,865	9,601,700	273,035	979,090	6,804	1,117,440	1,258,060	-
Interest on bank deposits		18,401,706	8,424	6,109	14,624	731	672	124	15	11	1,006,874
Exchange (loss)/gain		-	(69,304)	14,903	15,566	-	-	(854)	-	-	(1,425,972)
Total investment income		18,401,706	210,248,970	90,573,275	77,986,305	35,751,422	35,381,006	10,834,210	6,922,087	6,925,395	(419,098)
Expenses											
Sponsor's fees	9(a)	-	25,112,493	16,159,035	30,083,544	2,801,617	2,598,682	837,381	248,652	226,786	362,710
Professional indemnity insurance		-	103,624	66,744	117,435	10,572	9,486	-	-	-	-
Safe custody and bank charges		6,350	112,391	58,818	64,274	5,969	7,651	-	2,606	3,584	-
Auditor's remuneration		-	84,156	83,538	84,154	10,270	10,271	-	-	-	-
Printing and publication		-	83,568	57,952	95,579	21,350	20,757	-	-	-	-
Transaction costs		-	567,927	306,930	367,053	3,392	10,604	11,201	39,366	34,188	-
Miscellaneous expenses		-	562,337	350,452	620,912	58,906	55,620	27,147	10,396	9,482	-
Total operating expenses		6,350	26,626,496	17,083,469	31,432,951	2,912,076	2,713,071	875,729	301,020	274,040	362,710
Profit/(loss) before taxation		18,395,356	183,622,474	73,489,806	46,553,354	32,839,346	32,667,935	9,958,481	6,621,067	6,651,355	(781,808)
Overseas withholding tax	14	-	(5,208,731)	(2,418,393)	(2,843,779)	-	-	-	-	-	-
Changes in net assets attributable to members from operations											
		18,395,356	178,413,743	71,071,413	43,709,575	32,839,346	32,667,935	9,958,481	6,621,067	6,651,355	(781,808)

The notes on pages 87 to 130 form part of these financial statements.

## Statement of assets and liabilities - Constituent funds as at 31 March 2018

		2018											
	Note	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$	BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup> HK\$
Assets													
Investments	6	2,537,594,956	2,520,159,694	1,538,258,532	2,217,074,448	383,459,417	354,791,387	147,875,728	75,313,680	74,616,800	81,386,732	332,484,932	479,582,135
Amounts receivable on sale of investments		-	-	-	-	-	-	-	242,400	-	-	-	-
Amounts receivable on subscription		166,118	11,169	-	312	32,633	172,285	65,502	-	-	159,770	40,594	123,342
Dividends and other receivables		5,857,032	1,422,722	648,875	691,887	99	106	48	5	4	371,825	18	25
Prepayments		-	63,935	38,988	59,179	8,829	8,205	-	-	-	-	-	-
Bank balances	7, 9(d)	119,571,123	178,946,005	122,559,541	325,734,237	3,606,838	3,789,782	1,390,323	179,437	490,786	5,533,542	555,091	1,080,064
Total assets		2,663,189,229	2,700,603,525	1,661,505,936	2,543,560,063	387,107,816	358,761,765	149,331,601	75,735,522	75,107,590	87,451,869	333,080,635	480,785,566
Liabilities													
Amounts payable on purchase of investments		-	-	-	-	-	-	-	72,820	440,868	-	366,466	688,984
Amounts payable on redemption		1,602,048	1,285,059	1,054,994	1,276,566	283,163	144,685	74,169	287,990	4,365	128,690	188,700	390,666
Accruals and other payables		-	3,384,727	2,028,389	2,904,309	421,987	391,475	162,703	44,327	43,365	57,422	232,224	330,464
Liabilities (excluding net assets attributable to members)		1,602,048	4,669,786	3,083,383	4,180,875	705,150	536,160	236,872	405,137	488,598	186,112	787,390	1,410,114
Net assets attributable to members (at last traded market prices)	2(c), 4	2,661,587,181	2,695,933,739	1,658,422,553	2,539,379,188	386,402,666	358,225,605	149,094,729	75,330,385	74,618,992	87,265,757	332,293,245	479,375,452



<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

# Statement of assets and liabilities - Constituent funds as at 31 March 2018 (continued)

		2018											
	Note	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$	BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup> HK\$
Represented by:													
Number of units outstanding	4	201,366,040,467	117,969,522,305	81,946,837,782	134,491,932,589	24,432,987,252	24,447,755,076	10,031,186,257	6,416,602,703	4,606,294,973	8,103,319,180	31,769,228,904	43,786,062,714
Net asset value per unit (at last traded market prices)	4	13.2177	22.8528	20.2378	18.8813	15.8148	14.6527	14.8631	11.7399	16.1994	10.7691	10.4596	10.9481

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

Approved and authorised for issue by the Trustee on 10 September 2018



 For and on behalf of  
 Bank of East Asia (Trustees) Limited  
 東亞銀行 (信託) 有限公司

The notes on pages 87 to 130 form part of these financial statements.



## Statement of assets and liabilities - Constituent funds as at 31 March 2018 (continued)

		2017									
	Note	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$
<b>Assets</b>											
Investments	6	2,259,509,158	2,184,550,421	1,348,074,227	2,500,235,766	265,085,054	249,007,201	89,542,970	52,299,720	47,299,400	52,226,572
Amounts receivable on sale of investments		-	-	-	-	-	-	-	20,663	24,450	-
Amounts receivable on subscription		-	-	-	68,091	-	31,158	-	-	-	-
Dividends and other receivables		4,899,458	1,327,305	594,806	677,829	198	194	34	4	3	127,291
Prepayments		-	60,315	38,580	72,227	6,988	6,544	-	-	-	-
Bank balances	7, 9(d)	98,694,812	85,179,004	76,279,399	196,225,431	8,585,570	8,463,390	1,969,008	75,878	73,992	3,817,345
<b>Total assets</b>		<u>2,363,103,428</u>	<u>2,271,117,045</u>	<u>1,424,987,012</u>	<u>2,697,279,344</u>	<u>273,677,810</u>	<u>257,508,487</u>	<u>91,512,012</u>	<u>52,396,265</u>	<u>47,397,845</u>	<u>56,171,208</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		-	-	-	-	-	-	-	41,714	49,331	-
Amounts payable on redemption		1,388,257	1,402,885	604,325	1,424,706	149,511	272,582	89,964	21,080	22,159	16,532
Accruals and other payables		-	2,815,270	1,721,250	3,033,087	288,715	272,898	93,875	29,501	26,562	37,049
<b>Total liabilities (excluding net assets attributable to members)</b>		<u>1,388,257</u>	<u>4,218,155</u>	<u>2,325,575</u>	<u>4,457,793</u>	<u>438,226</u>	<u>545,480</u>	<u>183,839</u>	<u>92,295</u>	<u>98,052</u>	<u>53,581</u>
<b>Net assets attributable to members (at bid market prices)</b>		<u>2,361,715,171</u>	<u>2,266,898,890</u>	<u>1,422,661,437</u>	<u>2,692,821,551</u>	<u>273,239,584</u>	<u>256,963,007</u>	<u>91,328,173</u>	<u>52,303,970</u>	<u>47,299,793</u>	<u>56,117,627</u>

Statement of assets and liabilities - Constituent funds  
as at 31 March 2018 (continued)

		2017									
	Note	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$
<b>Represented by:</b>											
Adjustment from bid market prices to last traded market prices	4	-	260,548	105,426	118,543	21,677	72,400	1,106	50,560	96,925	-
Net assets attributable to members (at last traded market prices)	4	2,361,715,171	2,267,179,438	1,422,766,863	2,692,940,094	273,261,261	257,035,407	91,329,279	52,354,550	47,396,718	56,117,827
Number of units outstanding	4	180,449,715,748	114,440,925,514	79,130,847,896	156,503,927,412	22,320,638,961	22,108,205,907	7,790,936,899	5,307,461,451	3,727,563,907	5,620,244,466
Net asset value per unit (at last traded market prices)	4	13.0879	19.8109	17.9799	17.2069	12.2425	11.6262	11.7225	9.8643	12.7152	9.9849

Approved and authorised for issue by the Trustee on 10 September 2018



 For and on behalf of  
Bank of East Asia (Trustees) Limited  
東亞銀行 (信託) 有限公司

The notes on pages 87 to 130 form part of these financial statements.

## Statement of changes in net assets attributable to members - Constituent funds for the year ended 31 March 2018

	2018											
	BEA (Industry Scheme) MPF Conservative Fund HK\$	BEA (Industry Scheme) Growth Fund HK\$	BEA (Industry Scheme) Balanced Fund HK\$	BEA (Industry Scheme) Stable Fund HK\$	BEA (Industry Scheme) Greater China Equity Fund HK\$	BEA (Industry Scheme) Hong Kong Equity Fund HK\$	BEA (Industry Scheme) Asian Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (Industry Scheme) RMB & HKD Money Market Fund HK\$	BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup> HK\$
<b>Net assets attributable to members at the beginning of the year</b>	2,361,715,171	2,266,898,890	1,422,661,437	2,692,821,551	273,239,584	256,963,007	91,328,173	52,303,970	47,299,793	56,117,627	-	-
Proceeds on subscription of units	521,714,309	290,167,254	170,287,210	384,565,252	72,344,246	97,210,261	44,887,100	25,896,885	29,140,827	33,112,008	363,921,416	475,916,928
Payments on redemption of units	(246,584,199)	(216,081,627)	(116,217,932)	(779,899,664)	(42,769,627)	(66,202,635)	(14,701,701)	(13,644,025)	(16,048,455)	(7,443,532)	(37,187,573)	(19,091,470)
<b>Net subscription</b>	275,130,110	74,085,627	54,069,278	(395,334,412)	29,574,619	31,007,626	30,185,399	12,252,860	13,092,372	25,668,476	326,733,843	456,825,458
<b>Changes in net assets attributable to members from operations</b>	24,741,900	354,949,222	181,691,838	241,892,049	83,588,463	70,254,972	27,581,157	10,773,555	14,226,827	5,479,654	5,559,402	22,549,994
<b>Net assets attributable to members at the end of the year</b>	2,661,587,181	2,695,933,739	1,658,422,553	2,539,379,188	386,402,666	358,225,605	149,094,729	75,330,385	74,618,992	87,265,757	332,293,245	479,375,452

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

The notes on pages 87 to 130 form part of these financial statements.

Statement of changes in net assets attributable to members - Constituent funds  
for the year ended 31 March 2018 (continued)

	2017									
	<i>BEA (Industry Scheme) MPF Conservative Fund</i> HK\$	<i>BEA (Industry Scheme) Growth Fund</i> HK\$	<i>BEA (Industry Scheme) Balanced Fund</i> HK\$	<i>BEA (Industry Scheme) Stable Fund</i> HK\$	<i>BEA (Industry Scheme) Greater China Equity Fund</i> HK\$	<i>BEA (Industry Scheme) Hong Kong Equity Fund</i> HK\$	<i>BEA (Industry Scheme) Asian Equity Fund</i> HK\$	<i>BEA China Tracker Fund</i> HK\$	<i>BEA Hong Kong Tracker Fund</i> HK\$	<i>BEA (Industry Scheme) RMB &amp; HKD Money Market Fund</i> HK\$
<b>Net assets attributable to members at the beginning of the year</b>	2,082,280,452	1,949,667,674	1,274,215,897	2,315,434,024	198,326,820	178,990,953	53,222,378	33,739,689	28,749,766	37,732,411
Proceeds on subscription of units	434,442,760	261,358,239	160,631,269	476,323,996	61,083,656	77,244,350	33,677,866	21,034,641	19,366,274	23,424,998
Payments on redemption of units	(173,403,397)	(122,540,766)	(83,257,142)	(142,646,044)	(19,010,238)	(31,940,231)	(5,530,552)	(9,091,427)	(7,467,602)	(4,257,974)
<b>Net subscription</b>	261,039,363	138,817,473	77,374,127	333,677,952	42,073,418	45,304,119	28,147,314	11,943,214	11,898,672	19,167,024
<b>Changes in net assets attributable to members from operations</b>	18,395,356	178,413,743	71,071,413	43,709,575	32,839,346	32,667,935	9,958,481	6,621,067	6,651,355	(781,808)
<b>Net assets attributable to members at the end of the year</b>	2,361,715,171	2,266,898,890	1,422,661,437	2,692,821,551	273,239,584	256,963,007	91,328,173	52,303,970	47,299,793	56,117,627

The notes on pages 87 to 130 form part of these financial statements.



# Notes to the financial statements

*(Expressed in Hong Kong dollars)*

## 1 The Scheme

BEA (MPF) Industry Scheme (“the Scheme”) is established and governed by its trust deed dated 12 April 2000, as amended (“the Trust Deed”). The Scheme is registered under section 21A of the Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”) and is required to comply with the MPF Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority (“the MPFA”).

Under the Trust Deed, Bank of East Asia (Trustees) Limited (“the Trustee”) is required to establish and maintain separate constituent funds into which contributions may be invested. The constituent funds established within the Scheme are only available for investment by members of the Scheme.

The Scheme had 12 constituent funds as at 31 March 2018:

- BEA (Industry Scheme) MPF Conservative Fund
- BEA (Industry Scheme) Growth Fund
- BEA (Industry Scheme) Balanced Fund
- BEA (Industry Scheme) Stable Fund
- BEA (Industry Scheme) Greater China Equity Fund
- BEA (Industry Scheme) Hong Kong Equity Fund
- BEA (Industry Scheme) Asian Equity Fund
- BEA China Tracker Fund
- BEA Hong Kong Tracker Fund
- BEA (Industry Scheme) RMB & HKD Money Market Fund
- BEA (Industry Scheme) Age 65 Plus Fund (launched on 1 April 2017)
- BEA (Industry Scheme) Core Accumulation Fund (launched on 1 April 2017)

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently and are consistent with those used in the previous year, unless otherwise stated.

### (a) *Statement of compliance*

These financial statements for the Scheme have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed, and sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”) and the requirements of the MPF Ordinance. A summary of the significant accounting policies adopted by the Scheme is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Scheme for the current and prior accounting periods reflected in these financial statements.

### (b) *Basis of preparation of the financial statements*

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as designated at fair value through profit or loss are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **2 Summary of significant accounting policies (continued)**

### **(c) Investments**

Except for short-term deposits (see note 2(i)), all investments have been designated by the Trustee as “financial assets at fair value through profit or loss” at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the documented investment strategy of the Scheme and its constituent funds.

Regular way purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gain and loss on investments are included in the statement of changes in net assets available for benefits of the Scheme and the statement of comprehensive income of the constituent funds in the year in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme and its constituent funds have transferred substantially all risks and rewards of ownership.

In 2018, investments that are listed or traded on an exchange are valued based on their quoted last-traded prices. In 2017, investments that are listed or traded on an exchange are valued based on their quoted bid prices. The change in valuation inputs is considered to be a change in estimate in accordance with HKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The effect of the change in the valuation inputs for current period is disclosed in note 4.

Investments which are not listed on an exchange are valued by using quotes from brokers.

Investments in constituent funds and approved pooled investment funds are valued at their respective closing net asset value per unit or quoted last-traded prices (2017: bid prices), if any.

### **(d) Income and expenses**

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised when the underlying securities are quoted ex-dividend. Dividend is presented gross of any non-recoverable withholding taxes, which are presented separately in the statement of comprehensive income of the respective constituent funds. Interest income on bank deposits is disclosed separately on the face of the statement of changes in net assets available for benefits of the Scheme and the statement of comprehensive income of the constituent funds. All other income and expenses are accounted for on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (e) *Units in issue*

The Scheme classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the Scheme's net assets in the event of the Scheme's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Scheme's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

In addition to the instrument having all the above features, the Scheme must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The redeemable units do not provide the members with the right to require redemption for cash at a value proportionate to the members' share in the Scheme's net assets in the event of the Scheme's liquidation. Therefore, they do not meet the criteria for equity classification and are classified as financial liabilities. They are measured at the redemption amounts.

## **2 Summary of significant accounting policies (continued)**

### **(f) Translation of foreign currencies**

#### **(i) Functional and presentation currency**

Items included in the financial statements of the Scheme and its constituent funds are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The financial statements are presented in Hong Kong dollar ("HKD"), which is the functional and presentation currency of the Scheme and its constituent funds.

#### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income of the constituent funds.

### **(g) Subscription and redemption of units**

The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day. Proceeds and payments for units subscribed and redeemed are included in the statement of changes in net assets attributable to members of the constituent funds.

### **(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions with maturities of three months or less from the date of placement, net of bank overdrafts that are repayable on demand, if any.

### **(i) Financial assets and liabilities not at fair value**

Financial assets that are classified as loans and receivables include short-term deposits, contributions receivable, interest receivables, other receivables, amounts receivable on sale of investments, amounts receivable on subscription, dividends and other receivables and prepayments.

Financial liabilities that are not at fair value through profit or loss include benefits payable, accruals and other payables, amounts payable on purchase of investments and amounts payable on redemption.

### **(j) Contributions**

Contributions are accounted for on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (k) **Benefits**

Benefits are accounted for on an accruals basis.

### (l) **Transfer values**

Transfer values are accounted for on the effective date of transfer.

### (m) **Related parties**

- (a) A person, or a close member of that person's family, is related to the Scheme if that person:
  - (i) has control or joint control over the Scheme;
  - (ii) has significant influence over the Scheme; or
  - (iii) is a member of the key management personnel of the Scheme or the Scheme's parent.
- (b) An entity is related to the Scheme if any of the following conditions applies:
  - (i) The entity and the Scheme are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Scheme;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme or to the Scheme's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 2 Summary of significant accounting policies (continued)

### (n) Segment reporting

An operating segment is a component of the Scheme that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Scheme's other components, whose operating results are reviewed regularly by the chief operating decision maker ("the CODM") to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Scheme. None of these developments have had a material effect on how the Scheme's results and financial position for the current or prior periods have been prepared or presented.

The Scheme has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 24).

## 4 Capital management and units in issue

In accordance with the provisions of the Trust Deed, listed investments and investments with prices quoted in over-the-counter markets or by market makers are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations. However, as stated in note 2(c), the accounting policy of the Scheme for the purpose of financial statements preparation was to value its investments at the relevant bid market prices at the year end date prior to 1 April 2017. The Trustee decided to change to value its investments at the relevant last-traded market prices at the year end date starting from 31 March 2018.

In the following table, the 2017 column represents difference between the accounting policy and the valuation methodology prescribed in the Trust Deed resulted in the constituent funds' net asset value as at the year end as reported in the financial statements being different from what would have been under the Trust Deed. The 2018 column represents the impact on NAV due to the change of valuing the investments from bid market prices to last-traded market prices.

	2018 HK\$	2017 HK\$
BEA (Industry Scheme) Conservative Fund	-	-
BEA (Industry Scheme) Growth Fund	388,702	280,548
BEA (Industry Scheme) Balanced Fund	155,394	105,426

#### 4 Capital management and units in issue (continued)

	<i>2018</i> <i>HK\$</i>	<i>2017</i> <i>HK\$</i>
BEA (Industry Scheme) Stable Fund	<u>171,081</u>	<u>118,543</u>
BEA (Industry Scheme) Greater China Equity Fund	<u>2,068</u>	<u>21,677</u>
BEA (Industry Scheme) Hong Kong Equity Fund	<u>-</u>	<u>72,400</u>
BEA (Industry Scheme) Asian Equity Fund	<u>848</u>	<u>1,106</u>
BEA China Tracker Fund	<u>-</u>	<u>50,580</u>
BEA Hong Kong Tracker Fund	<u>-</u>	<u>96,925</u>
BEA (Industry Scheme) RMB & HKD Money Market Fund	<u>-</u>	<u>-</u>
BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	<u>-</u>	
BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>	<u>-</u>	

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.



#### 4 Capital management and units in issue (continued)

##### (a) Movement of units in issue

	<i>BEA (Industry Scheme)</i> <i>MPF Conservative Fund</i>		<i>BEA (Industry Scheme)</i> <i>Growth Fund</i>		<i>BEA (Industry Scheme)</i> <i>Balanced Fund</i>	
	2018	2017	2018	2017	2018	2017
	Units	Units	Units	Units	Units	Units
Balance at the beginning of the year	180,449,715.748	160,419,854.142	114,440,925.514	107,068,300.518	79,130,847.896	74,699,362.484
Units issued	39,661,152.476	33,334,533.852	13,350,425.329	13,843,132.877	8,776,857.724	9,184,064.264
Units redeemed	(18,744,827.757)	(13,304,672.246)	(9,821,828.538)	(6,470,507.881)	(5,960,867.838)	(4,752,578.852)
Balance at the end of the year	<u>201,366,040.467</u>	<u>180,449,715.748</u>	<u>117,969,522.305</u>	<u>114,440,925.514</u>	<u>81,946,837.782</u>	<u>79,130,847.896</u>

	<i>BEA (Industry Scheme)</i> <i>Stable Fund</i>		<i>BEA (Industry Scheme)</i> <i>Greater China Equity Fund</i>		<i>BEA (Industry Scheme)</i> <i>Hong Kong Equity Fund</i>	
	2018	2017	2018	2017	2018	2017
	Units	Units	Units	Units	Units	Units
Balance at the beginning of the year	156,503,927.412	136,994,140.617	22,320,638.961	18,578,786.328	22,108,205.907	17,865,198.514
Units issued	21,162,351.075	27,840,357.163	4,992,033.041	5,402,289.329	7,126,913.855	7,160,367.715
Units redeemed	(43,174,345.898)	(8,330,570.368)	(2,879,684.750)	(1,660,436.696)	(4,787,364.686)	(2,917,360.322)
Balance at the end of the year	<u>134,491,932.589</u>	<u>156,503,927.412</u>	<u>24,432,987.252</u>	<u>22,320,638.961</u>	<u>24,447,755.076</u>	<u>22,108,205.907</u>

#### 4 Capital management and units in issue (continued)

##### (a) Movement of units in issue (continued)

	<i>BEA (Industry Scheme) Asian Equity Fund</i>		<i>BEA China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>	
	2018	2017	2018	2017	2018	2017
	Units	Units	Units	Units	Units	Units
Balance at the beginning of the year	7,790,936.899	5,174,342.304	5,307,461.451	3,999,035.109	3,727,563.907	2,702,040.046
Units issued	3,287,376.992	3,125,258.296	2,331,398.109	2,323,189.629	1,936,049.614	1,654,880.827
Units redeemed	(1,047,127.634)	(508,663.701)	(1,222,256.857)	(1,014,763.287)	(1,057,318.548)	(629,356.966)
Balance at the end of the year	<u>10,031,186.257</u>	<u>7,790,936.899</u>	<u>6,416,602.703</u>	<u>5,307,461.451</u>	<u>4,606,294.973</u>	<u>3,727,563.907</u>
	<i>BEA (Industry Scheme) RMB &amp; HKD Money Market Fund</i>		<i>BEA (Industry Scheme) Age 65 Plus Fund<sup>(1)</sup></i>		<i>BEA (Industry Scheme) Core Accumulation Fund<sup>(1)</sup></i>	
	2018	2017	2018	2017	2018	2017
	Units	Units	Units	Units	Units	Units
Balance at the beginning of the year	5,620,244.466	3,703,369.098	-	-	-	-
Units issued	3,202,287.741	2,342,437.228	35,343,692.155	-	45,566,073.244	-
Units redeemed	(719,213.027)	(425,561.860)	(3,574,463.251)	-	(1,780,010.530)	-
Balance at the end of the year	<u>8,103,319.180</u>	<u>5,620,244.466</u>	<u>31,769,228.904</u>	<u>-</u>	<u>43,786,062.714</u>	<u>-</u>

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

#### 4 Capital management and units in issue (continued)

**(b) Net assets attributable to members and net assets attributable to members per unit as at 31 March**

	<i>BEA (Industry Scheme)</i> <i>MPF Conservative Fund</i>		<i>BEA (Industry Scheme)</i> <i>Growth Fund</i>		<i>BEA (Industry Scheme)</i> <i>Balanced Fund</i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	<u>2,661,587,181</u>	<u>2,361,715,171</u>	<u>2,695,933,739</u>	<u>2,267,179,438</u>	<u>1,658,422,553</u>	<u>1,422,766,863</u>
Net assets attributable to members (at last traded market prices) per unit	<u>13.2177</u>	<u>13.0879</u>	<u>22.8528</u>	<u>19.8109</u>	<u>20.2378</u>	<u>17.9799</u>
	<i>BEA (Industry Scheme)</i> <i>Stable Fund</i>		<i>BEA (Industry Scheme)</i> <i>Greater China Equity Fund</i>		<i>BEA (Industry Scheme)</i> <i>Hong Kong Equity Fund</i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	<u>2,539,379,188</u>	<u>2,692,940,094</u>	<u>386,402,666</u>	<u>273,261,261</u>	<u>358,225,605</u>	<u>257,035,407</u>
Net assets attributable to members (at last traded market prices) per unit	<u>18.8813</u>	<u>17.2069</u>	<u>15.8148</u>	<u>12.2425</u>	<u>14.6527</u>	<u>11.6262</u>

#### 4 Capital management and units in issue (continued)

##### (b) Net assets attributable to members and net assets attributable to members per unit as at 31 March (continued)

	<i>BEA (Industry Scheme) Asian Equity Fund</i>		<i>BEA China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	<u>149,094,729</u>	<u>91,329,279</u>	<u>75,330,385</u>	<u>52,354,550</u>	<u>74,618,992</u>	<u>47,396,718</u>
Net assets attributable to members (at last traded market prices) per unit	<u>14.8631</u>	<u>11.7225</u>	<u>11.7399</u>	<u>9.8643</u>	<u>16.1994</u>	<u>12.7152</u>
	<i>BEA (Industry Scheme) RMB &amp; HKD Money Market Fund</i>		<i>BEA (Industry Scheme) Age 65 Plus Fund<sup>(1)</sup></i>		<i>BEA (Industry Scheme) Core Accumulation Fund<sup>(1)</sup></i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	<u>87,265,757</u>	<u>56,117,627</u>	<u>332,293,245</u>	<u>-</u>	<u>479,375,452</u>	<u>-</u>
Net assets attributable to members (at last traded market prices) per unit	<u>10.7691</u>	<u>9.9849</u>	<u>10.4596</u>	<u>-</u>	<u>10.9481</u>	<u>-</u>

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## **4 Capital management and units in issue (continued)**

### **(b) *Net assets attributable to members and net assets attributable to members per unit as at 31 March (continued)***

The capital of the constituent funds is represented by the net assets attributable to members. Subscription and redemption of units during the year are shown in the statements of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. The constituent funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide retirement benefits to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the constituent funds.

In order to maintain or adjust the capital structure, the Scheme policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units of the constituent funds in accordance with the Trust Deed.

The Trustee monitors capital on the basis of the value of net assets attributable to members.

## **5 Financial risk management**

### ***Strategy in using financial instruments***

The investment objective of BEA (Industry Scheme) MPF Conservative Fund is to achieve a minimum rate of return while maintaining stability of the principal amount invested.

The investment objective of BEA (Industry Scheme) Growth Fund is to achieve long-term capital appreciation with a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

The investment objective of BEA (Industry Scheme) Balanced Fund is to achieve a stable rate of return with an opportunity of capital appreciation through a balanced weighting of investments in global equities and debt securities.

## 5 Financial risk management (continued)

### ***Strategy in using financial instruments (continued)***

The investment objective of BEA (Industry Scheme) Stable Fund is to minimise short-term capital risk with moderate capital growth over the long term through a higher weighting of investments in global debt securities to provide steady income and lower exposure to global equities to provide modest potential for capital appreciation.

The investment objective of BEA (Industry Scheme) Greater China Equity Fund is to provide investors with long-term capital growth within a controlled risk-return framework through investing mainly in listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China ("PRC"), the Special Administrative Regions of Hong Kong and Macau and Taiwan ("the Greater China Securities").

The investment objective of BEA (Industry Scheme) Hong Kong Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Hong Kong equities, with some exposure in debt securities/money market instruments.

The investment objective of BEA (Industry Scheme) Asian Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Asian ex-Japan equities, with some exposure in debt securities/money market instruments.

The investment objective of BEA China Tracker Fund is to provide investment returns that match the performance of the Hang Seng China Enterprises Index as closely as practicable.

The investment objective of BEA Hong Kong Tracker Fund is to provide investment results that closely correspond to the performance of the Hang Seng Index.

The investment objective of BEA (Industry Scheme) RMB & HKD Money Market Fund is to achieve a rate of return over the long term in line with the interest rate offered by authorised financial institutions in Hong Kong on HKD and RMB savings accounts while maintaining stability of the principal amount invested.

The investment objective of BEA (Industry Scheme) Age 65 Plus Fund is to provide stable growth to scheme members by investing in a globally diversified manner.

The investment objective of BEA (Industry Scheme) Core Accumulation Fund is to provide capital growth to scheme members by investing in a globally diversified manner.

The activities of the constituent funds expose them to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

## 5 Financial risk management (continued)

### ***Strategy in using financial instruments (continued)***

The Scheme and its constituent funds are exposed to various risks which are discussed below.

#### **(a) Market risk**

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and other price risk. The Scheme's strategy on the management of market risk is driven by the Scheme's investment objective.

The Scheme's market risk is managed on a regular basis by BEA Union Investment Management Limited ("the Investment Manager") in accordance with policies and procedures in place. The Scheme's overall market position is monitored on a regular basis by the Trustee. Details of the nature of the Scheme's investment portfolio at the reporting date are disclosed in the investment report.

#### **(i) Currency risk**

The Scheme and its constituent funds may hold assets and liabilities denominated in currencies other than their functional currency. The Scheme and its constituent funds may also be exposed to currency risk indirectly via the investment funds held by them as the investment funds may invest in financial instruments denominated in currencies other than their reporting currencies. Therefore, the Scheme and its constituent funds are exposed to currency risk that the exchange rate may change in a manner that has an adverse effect on the value of their assets and liabilities.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Investment Manager monitors all the Scheme's foreign currency positions on a daily basis. Except for BEA (Industry Scheme) Growth Fund, BEA (Industry Scheme) Balanced Fund, BEA (Industry Scheme) Stable Fund, BEA (Industry Scheme) Asian Equity Fund and BEA (Industry Scheme) RMB & HKD Money Market Fund, all other constituent funds are not subject to direct currency risk as their assets and liabilities are denominated in HKD which is their functional currency, or United States dollars ("USD") which is pegged to HKD.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

##### *Sensitivity analysis*

BEA (Industry Scheme) Growth Fund's, BEA (Industry Scheme) Balanced Fund's, BEA (Industry Scheme) Stable Fund's, BEA (Industry Scheme) Asian Equity Fund's and BEA (Industry Scheme) RMB & HKD Money Market Fund's net direct exposure to each currency other than HKD or USD as at the reporting date and the estimated change to net assets attributable to members and the changes in net assets attributable to members from operations had the HKD weakened by 5% (2017: 5%) are illustrated below. The analysis is performed on the same basis as 2017.

##### **As at 31 March**

	2018		2017	
	Net direct exposure HK\$	Estimated change had the HKD weakened by 5% HK\$	Net direct exposure HK\$	Estimated change had the HKD weakened by 5% HK\$
<b>BEA (Industry Scheme) Growth Fund</b>				
British Pound	92,195,792	4,609,790	9,346,895	467,345
<b>BEA (Industry Scheme) Balanced Fund</b>				
British Pound	38,594,345	1,929,717	1,625,658	81,283
<b>BEA (Industry Scheme) Stable Fund</b>				
British Pound	38,327,923	1,916,396	2,627,871	131,394
<b>BEA (Industry Scheme) Asian Equity Fund</b>				
British Pound	905,925	45,296	1,802,096	90,105
<b>BEA (Industry Scheme) RMB &amp; HKD Money Market Fund</b>				
Renminbi	51,410,964	2,570,548	30,879,539	1,543,977

As HKD is pegged to USD, BEA (Industry Scheme) Growth Fund, BEA (Industry Scheme) Balanced Fund, BEA (Industry Scheme) Stable Fund, BEA (Industry Scheme) Asian Equity Fund and BEA (Industry Scheme) RMB & HKD Money Market Fund do not expect any significant movement in USD/HKD exchange rate. A 5% appreciation of HKD against the above currencies would have resulted in an equal but opposite effect on the financial statements, on the basis that all other variables remain constant.



## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of a financial instrument and therefore result in a potential gain or loss to the Scheme.

All constituent funds did not have any interest bearing liabilities as at year end and their interest bearing assets were limited to bank deposits only; accordingly it is considered that they did not have significant direct interest rate risk exposure.

The Investment Manager monitors the Scheme's direct exposure to interest rate risk on a regular basis.

#### (iii) Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The breakdown of investments held by the Scheme is shown in investment report.

The Scheme's market risk is managed through (i) deliberate securities selection and (ii) diversification of the investment portfolio. The Investment Manager monitors the Scheme's market position on a daily basis.

#### *Sensitivity analysis*

The Investment Manager projects the possible movement of the underlying benchmark indices ("the potential movement") based on historical experience. If the underlying benchmark indices had changed by the following percentages, which are based on the Investment Manager's best estimate of the potential movement as at the reporting date, with all other variables held constant, it is estimated that the net assets attributable to members and the changes in net assets attributable to members from operations would have changed accordingly as shown below. An equal change in the opposite direction would have changed the net assets attributable to members and the changes in net assets attributable to members from operations, by an equal but opposite amount. The analysis is performed on the same basis as 2017.

For BEA (Industry Scheme) MPF Conservative Fund and BEA (Industry Scheme) RMB & HKD Money Market Fund, as they only invest in short-term deposits which are not subject to other price risk, no sensitivity analysis is performed.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### *Sensitivity analysis (continued)*

	% of possible reasonable shift	Estimated increase 2018 HK\$	Estimated increase 2017 HK\$
BEA (Industry Scheme) Growth Fund (note (a))	5%	125,665,621	95,706,375
BEA (Industry Scheme) Balanced Fund (note (b))	5%	77,935,792	53,363,733
BEA (Industry Scheme) Stable Fund (note (c))	5%	110,206,669	86,097,831
BEA (Industry Scheme) Greater China Equity Fund (note (d))	5%	19,248,455	12,975,670
BEA (Industry Scheme) Hong Kong Equity Fund (note (e))	5%	16,586,817	11,640,534
BEA (Industry Scheme) Asian Equity Fund (note (f))	5%	7,193,637	3,930,216
BEA China Tracker Fund (note (g))	5%	3,776,834	2,536,094
BEA Hong Kong Tracker Fund (note (h))	5%	3,738,872	2,312,581
BEA (Industry Scheme) Age 65 Plus Fund (note (i))	5%	17,292,841	-
BEA (Industry Scheme) Core Accumulation Fund (note (j))	5%	27,393,156	-

#### Notes:

- (a) 25% (70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged) + 22.08% MSCI Zhong Hua ex ADRs Index (NR) + 14% MSCI Europe Index (NR) + 14% MSCI North America Index (NR) + 9% MSCI AC Far East ex Japan ex HK Index (NR) + 9% MSCI Japan Index (NR) + 5% HK MPF Prescribed Savings Rate + 1.92% HSBC Holdings
- (b) 45% (70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged) + 15.64% MSCI Zhong Hua ex ADRs Index (NR) + 10% MSCI Europe Index (NR) + 10% MSCI North America Index (NR) + 6.5% MSCI Japan Index (NR) + 6.5% MSCI AC Far East ex Japan ex HK Index (NR) + 5% HK MPF Prescribed Savings Rate + 1.36% HSBC Holdings

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### *Sensitivity analysis (continued)*

- (c) 65% (70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged) + 9.2% MSCI Zhong Hua ex ADRs Index (NR) + 6% MSCI Europe Index (NR) + 6% MSCI North America Index (NR) + 5% HK MPF Prescribed Savings Rate + 4% MSCI Japan Index (NR) + 4% MSCI AC Far East ex Japan ex HK Index (NR) + 0.8% HSBC Holdings
- (d) Relevant benchmark: 100% MSCI Golden Dragon ex ADRs Index (NR)
- (e) Relevant benchmark: 92% MSCI Zhong Hua ex ADRs Index (NR) + 8% HSBC Holdings
- (f) Relevant benchmark: 100% MSCI AC Far East ex Japan ex ADRs Index (NR)
- (g) Relevant benchmark: 100% Hang Seng China Enterprise Total Return Index
- (h) Relevant benchmark: 100% Hang Seng Total Return Index
- (i) Relevant benchmark: 20% FTSE MPF All-World Index (HKD unhedged total return) + 77% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)\*
- (j) Relevant benchmark: 60% FTSE MPF All-World Index (HKD unhedged total return) + 37% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)\*

\* Inclusive of re-investment of dividends/coupons/other incomes

Changes in market index % are revised annually depending on the Investment Manager's current view of market volatility and other relevant factors.

### (b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All sales of investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Scheme's custodians have received payments.

For purchase, payments are made once investments have been received by the Scheme's custodians. The trade will fail if either party fails to meet their obligation.

## 5 Financial risk management (continued)

### (b) Credit risk (continued)

The Investment Manager monitors the Scheme's credit position on a regular basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of assets and liabilities.

At the reporting date, only BEA (Industry Scheme) MPF Conservative Fund and BEA (Industry Scheme) RMB & HKD Money Market Fund held short-term deposits as investments. The credit quality of these short-term deposits are expressed as a percentage of investments below:

#### *BEA (Industry Scheme) MPF Conservative Fund*

##### Portfolio by rating category of the issuer of short-term deposits

	2018	2017
<b>Rating (S&amp;P/Moody's)</b>		
AA-/Aa3	9.37%	7.55%
A+/A1	7.25%	14.94%
A/A2	26.84%	31.60%
A-/A3	29.81%	18.17%
BBB+/Baa1	18.13%	18.45%
BBB/Baa2	8.60%	9.29%
Total	100.00%	100.00%

#### *BEA (Industry Scheme) RMB & HKD Money Market Fund*

##### Portfolio by rating category of the issuer of short-term deposits

	2018	2017
<b>Rating (S&amp;P/Moody's)</b>		
AA-/Aa3	6.19%	8.47%
A+/A1	8.11%	11.36%
A/A2	36.05%	33.45%
A-/A3	25.60%	22.87%
BBB+/Baa1	15.34%	14.87%
BBB/Baa2	8.71%	8.98%
Total	100.00%	100.00%

## **5 Financial risk management (continued)**

### **(b) Credit risk (continued)**

The Scheme's investments are held by the custodians and the majority of the Scheme's cash is deposited with The Bank of East Asia, Limited and The Bank of New York Mellon ("the Banks"). Bankruptcy or insolvency of the custodians and the Banks may cause to Scheme's execution of their rights with respect to the assets held by the custodians and the Banks to be delayed or limited.

The Investment Manager monitors the credit quality of the custodians and the Banks on an on-going basis.

Other than the outlined above, there were no significant concentrations of credit risk at both 31 March 2018 and 2017.

### **(c) Liquidity risk**

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities.

The Scheme's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable investments to meet benefit payments and other liquidity requirements in the short and longer term.

The Scheme invests the majority of assets in approved pooled investment funds and/or approved index-tracking funds that could be readily converted into cash to meet its liquidity requirement.

As at 31 March 2018 and 2017, all the financial liabilities of the Scheme are repayable on demand or due within three months.

## 6 Investments

### (a) The Scheme

	2018 HK\$	2017 HK\$
BEA (Industry Scheme) MPF Conservative Fund	2,661,587,181	2,361,715,171
BEA (Industry Scheme) Growth Fund	2,695,933,739	2,266,898,890
BEA (Industry Scheme) Balanced Fund	1,658,422,553	1,422,661,437
BEA (Industry Scheme) Stable Fund	2,539,379,188	2,692,821,551
BEA (Industry Scheme) Greater China Equity Fund	386,402,666	273,239,584
BEA (Industry Scheme) Hong Kong Equity Fund	358,225,605	256,963,007
BEA (Industry Scheme) Asian Equity Fund	149,094,729	91,328,173
BEA China Tracker Fund	75,330,385	52,303,970
BEA Hong Kong Tracker Fund	74,618,992	47,299,793
BEA (Industry Scheme) RMB & HKD Money Market Fund	87,265,757	56,117,627
BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	332,293,245	-
BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>	479,375,452	-
Investments at fair value	<u>11,497,929,492</u>	<u>9,521,349,203</u>
Investments at cost	<u>9,434,569,116</u>	<u>8,248,835,117</u>

### (b) Constituent funds

#### BEA (Industry Scheme) MPF Conservative Fund

	2018 HK\$	2017 HK\$
Short-term deposits	<u>2,537,594,956</u>	<u>2,259,509,158</u>

#### BEA (Industry Scheme) Growth Fund

	2018 HK\$	2017 HK\$
Approved pooled investment funds	1,525,115,083	1,252,887,855
Approved index-tracking funds	<u>995,044,611</u>	<u>931,662,566</u>
Investments	<u>2,520,159,694</u>	<u>2,184,550,421</u>

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## 6 Investments (continued)

### (b) Constituent funds (continued)

#### *BEA (Industry Scheme) Balanced Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	1,102,993,585	937,043,577
Approved index-tracking funds	435,264,947	411,030,650
	<hr/>	<hr/>
Investments	1,538,258,532	1,348,074,227
	<hr/>	<hr/>

#### *BEA (Industry Scheme) Stable Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	1,801,871,927	2,012,312,731
Approved index-tracking funds	415,202,521	487,923,035
	<hr/>	<hr/>
Investments	2,217,074,448	2,500,235,766
	<hr/>	<hr/>

#### *BEA (Industry Scheme) Greater China Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	375,679,036	254,506,532
Approved index-tracking funds	7,780,381	10,578,522
	<hr/>	<hr/>
Investments	383,459,417	265,085,054
	<hr/>	<hr/>

#### *BEA (Industry Scheme) Hong Kong Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	306,468,507	213,676,001
Approved index-tracking funds	48,322,880	35,331,200
	<hr/>	<hr/>
Investments	354,791,387	249,007,201
	<hr/>	<hr/>

## 6 Investments (continued)

### (b) Constituent funds (continued)

#### *BEA (Industry Scheme) Asian Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	146,969,803	88,333,951
Approved index-tracking fund	905,925	1,209,019
Investments	<u>147,875,728</u>	<u>89,542,970</u>

#### *BEA China Tracker Fund*

	2018 HK\$	2017 HK\$
Approved index-tracking fund	<u>75,313,680</u>	<u>52,299,720</u>

#### *BEA Hong Kong Tracker Fund*

	2018 HK\$	2017 HK\$
Approved index-tracking fund	<u>74,616,800</u>	<u>47,299,400</u>

#### *BEA (Industry Scheme) RMB & HKD Money Market Fund*

	2018 HK\$	2017 HK\$
Short-term deposits	<u>81,386,732</u>	<u>52,226,572</u>

#### *BEA (Industry Scheme) Age 65 Plus Fund<sup>(1)</sup>*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	<u>332,484,932</u>	<u>-</u>

#### *BEA (Industry Scheme) Core Accumulation Fund<sup>(1)</sup>*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	<u>479,582,135</u>	<u>-</u>
Total investments at fair value	<u>10,742,598,441</u>	<u>9,047,830,489</u>
Total investments at cost	<u>9,418,173,003</u>	<u>8,364,050,337</u>

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.



## 7 Bank balances

As at 31 March 2018, the Scheme placed bank deposits amounted to HK\$22,811,397 (2017: HK\$47,192,532).

Reconciliation of liability arising from financing activities

The table below details changes in the Scheme's liability from financing activities, including both cash and non-cash changes. Liability arising from financing activities are liability for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	<i>Benefits payable</i> HK\$
At 1 April 2017	8,754,391
Changes from financing cash flows:	
Benefits	330,471,397
Transfers out	345,081,628
Long service payments and severance payment	38,796,353
Benefits, transfer outs, long service payments and severance payments paid	(709,141,100)
At 31 March 2018	<u>13,962,669</u>

## 8 Net gain/(loss) on constituent funds/investments

### (a) The Scheme

	2018 HK\$	2017 HK\$
Change in unrealised gain in value of constituent funds	790,846,290	332,258,683
Realised gain on sale of constituent funds	<u>252,442,743</u>	<u>67,287,780</u>
Net gain on constituent funds	<u>1,043,289,033</u>	<u>399,546,463</u>

## 8 Net gain/(loss) on constituent funds/investments (continued)

### (b) Constituent funds

	<i>BEA (Industry Scheme) MPF Conservative Fund</i>		<i>BEA (Industry Scheme) Growth Fund</i>		<i>BEA (Industry Scheme) Balanced Fund</i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain in value of investments	-	-	201,741,637	155,453,614	106,071,678	63,314,103
Realised gain/(loss) on sale of investments	-	-	167,745,632	36,362,481	87,579,733	19,039,295
Net gain on investments	-	-	369,487,269	191,816,095	193,651,411	82,353,398

	<i>BEA (Industry Scheme) Stable Fund</i>		<i>BEA (Industry Scheme) Greater China Equity Fund</i>		<i>BEA (Industry Scheme) Hong Kong Equity Fund</i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain in value of investments	95,432,642	50,688,021	85,025,332	35,477,656	70,887,402	34,401,244
Realised gain/(loss) on sale of investments	169,166,090	17,666,394	2,346,128	-	1,896,197	-
Net gain on investments	264,598,732	68,354,415	87,371,460	35,477,656	72,783,599	34,401,244

	<i>BEA (Industry Scheme) Asian Equity Fund</i>		<i>BEA China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain in value of investments	27,875,605	10,551,263	9,238,496	6,377,310	11,576,539	5,666,679
Realised gain/(loss) on sale of investments	1,325,742	276,873	524,244	(572,678)	1,051,811	645
Net gain on investments	29,201,347	10,828,136	9,762,740	5,804,632	12,628,350	5,667,324

	<i>BEA (Industry Scheme) RMB &amp; HKD Money Market Fund</i>		<i>BEA (Industry Scheme) Age 65 Plus Fund<sup>(1)</sup></i>		<i>BEA (Industry Scheme) Core Accumulation Fund<sup>(1)</sup></i>	
	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain in value of investments	-	-	6,806,863	-	24,879,099	-
Realised gain/(loss) on sale of investments	-	-	88,377	-	95,348	-
Net gain on investments	-	-	6,895,240	-	24,974,447	-

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## 9 Transactions with related parties

The following is a summary of transactions with related parties during the year. All transactions were entered into during the ordinary course of business and under normal commercial terms.

### (a) Sponsor's fees

The Sponsor, The Bank of East Asia, Limited, is entitled to receive a fee equal to 1.2% per annum of the net asset value of the respective constituent funds except for BEA (Industry Scheme) MPF Conservative Fund, BEA China Tracker Fund, BEA Hong Kong Tracker Fund and BEA (Industry Scheme) RMB & HKD Money Market Fund. This fee is calculated and accrued on each valuation day and payable monthly in arrears.

For BEA (Industry Scheme) MPF Conservative Fund, the sponsor's fee is only deducted when the net investment return exceeds the prescribed savings rate. The maximum amount deducted must not exceed the excess between the net investment return and the prescribed savings rate subject to a maximum fee equal to 0.79% per annum of the net asset value of the constituent fund.

For BEA China Tracker Fund and BEA Hong Kong Tracker Fund, the Sponsor is entitled to receive a fee equal to 0.60% per annum of the net asset value of the respective constituent funds.

For BEA (Industry Scheme) RMB & HKD Money Market Fund, the Sponsor is entitled to receive a fee equal to 0.79% per annum of the net asset value of the constituent fund.

For BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund, the Sponsor is entitled to receive a fee equal to 0.75% per annum of the net asset value of the respective constituent funds. The fee is inclusive of the fees payable to the Trustee and the Investment Manager and the Sponsor will pay the fees of the Trustee and the Investment Manager out of its own fee. The fee breakdown is as follows:

Fees payable to	Current level (p.a.)
Sponsor	0.295%
Trustee and Administrator	0.295%
Investment Manager	0.16%

## 9 Transactions with related parties (continued)

### (a) Sponsor's fees (continued)

The sponsor's fees charged for the year are disclosed in the statement of comprehensive income. As at 31 March, the sponsor's fee payable were as follows:

	2018 HK\$	2017 HK\$
BEA (Industry Scheme) Growth Fund	<u>2,778,147</u>	<u>2,294,156</u>
BEA (Industry Scheme) Balanced Fund	<u>1,701,891</u>	<u>1,439,881</u>
BEA (Industry Scheme) Stable Fund	<u>2,594,501</u>	<u>2,715,908</u>
BEA (Industry Scheme) Greater China Equity Fund	<u>403,719</u>	<u>276,030</u>
BEA (Industry Scheme) Hong Kong Equity Fund	<u>373,883</u>	<u>260,328</u>
BEA (Industry Scheme) Asian Equity Fund	<u>154,062</u>	<u>91,077</u>
BEA China Tracker Fund	<u>39,418</u>	<u>26,440</u>
BEA Hong Kong Tracker Fund	<u>38,622</u>	<u>23,754</u>
BEA (Industry Scheme) RMB & HKD Money Market Fund	<u>57,422</u>	<u>37,049</u>
BEA (Industry Scheme) Age 65 Plus Fund <sup>(1)</sup>	<u>210,250</u>	<u>-</u>
BEA (Industry Scheme) Core Accumulation Fund <sup>(1)</sup>	<u>304,286</u>	<u>-</u>

<sup>(1)</sup> The launch date of BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund was 1 April 2017.

## 9 Transactions with related parties (continued)

### (b) Investment management fees

No separate investment management fees are charged as they are paid out of the sponsor's fees.

### (c) Trustee's fees

No separate trustee fees are charged as they are paid out of the sponsor's fees.

### (d) Bank balances

As at 31 March 2018, the Scheme and its constituent funds placed bank deposits amounted to HK\$22,811,397 (2017: HK\$47,192,532) and HK\$302,305,768 (2017: HK\$441,781,825) respectively with The Bank of East Asia, Limited, the holding company of the Trustee. The interest income arising from these accounts during the year amounted to HK\$ 2,307,188 (2017: HK\$ 2,261,640) and HK\$ 33,478 (2017: HK\$ 39,484) respectively. Bank charges incurred are not disclosed as the Trustee considers the amounts immaterial.

### (e) Investments

As at year end, the following constituent funds of the Scheme invested in approved-pooled investment funds, managed by the Investment Manager and entrusted by the Trustee:

	<i>BEA (Industry Scheme)</i>	
	<i>Growth Fund</i>	
	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	78,918,356	67,777,210
BEA Union Investment Asia Strategic Growth Fund - Class A	266,301,219	225,131,011
BEA Union Investment Global Bond Fund - Class A	487,216,871	455,542,488
BEA Union Investment Global Equity Fund - Class A	81,129,369	64,752,141
BEA Union Investment Greater China Growth Fund - Class A	43,408,694	32,754,906
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	9,568,375	9,413,037
BEA Union Investment Hong Kong Growth Fund - Class A	411,931,757	294,552,799
BEA Union Investment Age 65 Plus Fund - Class I	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-

## 9 Transactions with related parties (continued)

### (e) Investments (continued)

	<i>BEA (Industry Scheme) Balanced Fund</i>		<i>BEA (Industry Scheme) Stable Fund</i>	
	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	88,996,790	75,982,205	143,120,148	68,783,218
BEA Union Investment Asia Strategic Growth Fund - Class A	124,409,654	103,176,657	116,219,333	121,863,156
BEA Union Investment Global Bond Fund - Class A	578,164,800	516,913,791	1,242,532,995	1,572,901,678
BEA Union Investment Global Equity Fund - Class A	34,277,366	29,605,335	34,245,560	32,719,074
BEA Union Investment Greater China Growth Fund - Class A	20,066,288	15,141,423	19,648,937	16,478,818
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	11,668,077	11,478,652	11,851,574	13,108,196
BEA Union Investment Hong Kong Growth Fund - Class A	171,699,233	138,449,728	154,290,451	148,905,136
BEA Union Investment Age 65 Plus Fund - Class I	-	-	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-	-	-

	<i>BEA (Industry Scheme) Greater China Equity Fund</i>		<i>BEA (Industry Scheme) Hong Kong Equity Fund</i>	
	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	-	-	-	-
BEA Union Investment Asia Strategic Growth Fund - Class A	-	-	-	-
BEA Union Investment Global Bond Fund - Class A	-	-	-	-
BEA Union Investment Global Equity Fund - Class A	-	-	-	-
BEA Union Investment Greater China Growth Fund - Class A	342,531,511	231,004,086	-	-
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	-	-	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	33,147,525	23,502,446	306,468,507	213,676,001
BEA Union Investment Age 65 Plus Fund - Class I	-	-	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-	-	-

## 9 Transactions with related parties (continued)

### (e) Investments (continued)

	<i>BEA (Industry Scheme)</i> <i>Asian Equity Fund</i>	
	2018	2017
	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	-	-
BEA Union Investment Asia Strategic Growth Fund - Class A	131,366,199	77,728,749
BEA Union Investment Global Bond Fund - Class A	-	-
BEA Union Investment Global Equity Fund - Class A	-	-
BEA Union Investment Greater China Growth Fund - Class A	-	-
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	-	-
BEA Union Investment Age 65 Plus Fund - Class I	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-
	<hr/>	<hr/>

	<i>BEA (Industry Scheme)</i> <i>Age 65 Plus Fund</i>	
	2018	2017
	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	-	-
BEA Union Investment Asia Strategic Growth Fund - Class A	-	-
BEA Union Investment Global Bond Fund - Class A	-	-
BEA Union Investment Global Equity Fund - Class A	-	-
BEA Union Investment Greater China Growth Fund - Class A	-	-
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	-	-
BEA Union Investment Age 65 Plus Fund - Class I	332,484,932	-
BEA Union Investment Core Accumulation Fund - Class I	-	-
	<hr/>	<hr/>

## 9 Transactions with related parties (continued)

### (e) Investments (continued)

	<i>BEA (Industry Scheme) Core Accumulation Fund</i>	
	<i>2018</i>	<i>2017</i>
	<i>HK\$</i>	<i>HK\$</i>
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	-	-
BEA Union Investment Asia Strategic Growth Fund - Class A	-	-
BEA Union Investment Global Bond Fund - Class A	-	-
BEA Union Investment Global Equity Fund - Class A	-	-
BEA Union Investment Greater China Growth Fund - Class A	-	-
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	-	-
BEA Union Investment Age 65 Plus Fund - Class I	-	-
BEA Union Investment Core Accumulation Fund - Class I	479,582,135	-



## 9 Transactions with related parties (continued)

### (e) Investments (continued)

As at year end, BEA (Industry Scheme) MPF Conservative Fund held short-term deposits with The Bank of East Asia, Limited, the ultimate controlling party of the Trustee, as follows:

	2018		2017	
	Nominal value HK\$	Fair value HK\$	Nominal value HK\$	Fair value HK\$
Bank of East Asia, Limited F/D 1.07% 23 May 2018	6,663,006	6,663,006	-	-
Bank of East Asia, Limited F/D 1.06% 30 May 2018	52,200,250	52,200,250	-	-
Bank of East Asia, Limited F/D 1.16% 27 June 2018	30,725,491	30,725,491	-	-
Bank of East Asia F/D 1.14% 09 August 2017	-	-	6,591,324	6,591,324
Bank of East Asia F/D 1.08% 16 August 2017	-	-	20,676,128	20,676,128
Bank of East Asia F/D 1.08% 16 August 2017	-	-	30,985,736	30,985,736
Bank of East Asia F/D 1.04% 20 September 2017	-	-	30,400,049	30,400,049
	<u>89,588,747</u>	<u>89,588,747</u>	<u>88,653,237</u>	<u>88,653,237</u>

Interest income derived from short-term deposits during the year ended 31 March 2018 amounted to HK\$ 909,078 (2017: 686,620).

### (f) Brokerage commission

No brokerage commission was paid to brokers who are associates or delegates of the Trustee or Investment Manager during the years ended 31 March 2018 and 2017.

## 10 Transactions with associates

All the transactions with associates as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance and the "Guidelines on Annual Statements of Registered Schemes" Annex C section I(D)(2) issued by the MPFA have been included in transaction with related parties as set out in note 9.

## **11 Contributions received and receivable**

Mandatory contributions for both the employers and members are equal to 5% of the members' relevant income up to HK\$30,000 per month but in respect of members earning less than HK\$7,100 per month, the members' mandatory contribution is nil.

Self-employed persons must contribute 5% of their relevant income subject to a maximum contribution of HK\$1,500 per month to the Scheme unless their relevant income is less than HK\$7,100 per month.

Any contributions made to the Scheme by the employers or members in excess of their mandatory contributions are voluntary contributions.

The Employee Choice Arrangement ("the ECA") has been launched by the MPFA with effect from 1 November 2012. The ECA allows members to opt to transfer the member's portion of the mandatory contributions and investment returns (i.e. the accrued benefits) in their contribution accounts to an MPF trustee and scheme of their own choice once a year. Alternatively, members do not have to make any change. They can retain the accrued benefits in the original MPF scheme selected by their employers.

## **12 Benefits paid and payable**

Members will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the MPF Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment or self-employment, after reaching the age of 60 or cease employment or self-employment as a result of total incapacity; (iii) have a terminal illness; (iv) permanently depart from Hong Kong; (v) die or (vi) have the right to claim a small balance pursuant to the MPF Ordinance.

Members will become entitled to benefits in respect of contractual voluntary contributions to the Scheme in the circumstances set out in the Trust Deed and the relevant participation agreement.

## **13 Bank loans, overdrafts and other borrowings**

The Scheme and its constituent funds had no bank loans, overdrafts and other borrowings as at 31 March 2018 and 2017.

## **14 Taxation**

The Scheme is registered under the MPF Ordinance and is therefore a recognised scheme for the purposes of Hong Kong Profits Tax. The policy of the Hong Kong Inland Revenue Department (“IRD”), as set out in IRD Practice Note No. 23 is that “recognised retirement schemes and their trustees are not considered to be subject to profits tax on their investment income”. Accordingly, no provision for Hong Kong Profits Tax has been made in the Scheme’s financial statements.

Non-recoverable overseas withholding tax was charged on certain dividend received during the year.

## **15 Soft commission arrangements**

During the year ended 31 March 2018, the Investment Manager and its delegates did not enter into any soft commission arrangements with brokers relating to dealings in the assets of the Scheme (2017: HK\$Nil).

## **16 Security lending arrangements**

During the year ended 31 March 2018, the Scheme did not enter into any security lending arrangements (2017: HK\$Nil).

## **17 Negotiability of assets**

As at 31 March 2018, there were no statutory or contractual requirements restricting the negotiability of the assets of the Scheme (2017: HK\$Nil).

## **18 Commitments**

As at 31 March 2018, the Scheme had no commitments (2017: HK\$Nil).

## **19 Contingent liabilities and capital commitment**

As at 31 March 2018, there were no contingent liabilities or capital commitments outstanding (2017: HK\$Nil).

## **20 Marketing expenses**

During the year ended 31 March 2018, there have been no advertising expenses, promotional expenses or commissions or brokerage fees paid and payable to the MPF intermediaries deducted from the Scheme (2017: HK\$Nil).

## 21 Segment information

The CODM makes the strategic resource allocation on behalf of the Scheme and determines the operating segments based on the internal reporting used to make strategic decisions. The CODM's asset allocation decisions for the Scheme are based on the investment objective, investment strategy and the performance of each constituent fund. Accordingly the CODM considers that the Scheme has 12 operating segments. The investment objectives and the investment portfolios of the constituent funds are presented in the investment report. Other segmental information of the constituent funds are presented in these financial statements.

The internal reporting provided to the CODM is the same as that disclosed in these financial statements.

## 22 Involvement with unconsolidated structured entities

The Scheme has concluded that approved pooled investment funds and approved index-tracking funds in which its constituent funds invest but are not consolidated by the constituent funds meet the definition of structured entities because:

- the voting rights in the investment funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each investment fund's activities are restricted by its prospectus; and
- the investment funds have narrow and well-defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the constituent funds do not consolidate but in which they hold an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the constituent funds</i>
Investment funds	To invest on behalf of third party investors  These vehicles are financed through the issues of units to investors	Investments in units issued by the investment funds

The table below sets out interests held by the constituent funds in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held by the constituent funds.

## 22 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2018*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "Investments" HK\$ (in millions)</i>
<b>BEA (Industry Scheme) Growth Fund</b>			
– Investment in approved pooled investment funds	10	23,904	1,525
– Investment in approved index - tracking funds	6	2,311,985	995
<b>BEA (Industry Scheme) Balanced Fund</b>			
– Investment in approved pooled investment funds	10	23,904	1,103
– Investment in approved index - tracking funds	6	2,311,985	435
<b>BEA (Industry Scheme) Stable Fund</b>			
– Investment in approved pooled investment funds	10	23,904	1,802
– Investment in approved index - tracking funds	6	2,311,985	415
<b>BEA (Industry Scheme) Greater China Equity Fund</b>			
– Investment in approved pooled investment funds	2	5,158	376
– Investment in approved index - tracking funds	2	127,364	8
<b>BEA (Industry Scheme) Hong Kong Equity Fund</b>			
– Investment in approved pooled investment fund	1	3,152	306
– Investment in approved index - tracking funds	2	132,470	48

## 22 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2018 (continued)*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "Investments" HK\$ (in millions)</i>
<b>BEA (Industry Scheme) Asian Equity Fund</b>			
– Investment in approved pooled investment funds	2	2,532	147
– Investment in approved index - tracking fund	1	20,746	1
<b>BEA China Tracker Fund</b>			
– Investment in approved index - tracking fund	1	36,641	75
<b>BEA Hong Kong Tracker Fund</b>			
– Investment in approved index - tracking fund	1	95,829	75
<b>BEA (Industry Scheme) Age 65 Plus Fund</b>			
– Investment in approved pooled investment fund	1	367	332
<b>BEA (Industry Scheme) Core Accumulation Fund</b>			
– Investment in approved pooled investment fund	1	557	480

## 22 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2017*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "Investments" HK\$ (in millions)</i>
<b>BEA (Industry Scheme) Growth Fund</b>			
– Approved pooled investment funds	9	14,936	1,253
– Approved index-tracking funds	6	2,152,941	932
<b>BEA (Industry Scheme) Balanced Fund</b>			
– Approved pooled investment funds	9	14,936	937
– Approved index-tracking funds	5	2,106,918	411
<b>BEA (Industry Scheme) Stable Fund</b>			
– Approved pooled investment funds	9	14,936	2,012
– Approved index-tracking funds	5	2,106,918	488
<b>BEA (Industry Scheme) Greater China Equity Fund</b>			
– Approved pooled investment funds	2	4,202	254
– Approved index-tracking fund	1	84,965	11
<b>BEA (Industry Scheme) Hong Kong Equity Fund</b>			
– Approved pooled investment fund	1	2,640	214
– Approved index-tracking fund	1	84,965	35
<b>BEA (Industry Scheme) Asian Equity Fund</b>			
– Approved pooled investment funds	2	2,106	89
– Approved index-tracking fund	1	13,623	1
<b>BEA China Tracker Fund</b>			
– Approved index-tracking fund	1	42,894	52
<b>BEA Hong Kong Tracker Fund</b>			
– Approved index-tracking fund	1	84,965	47

## 22 Involvement with unconsolidated structured entities (continued)

During the year, the constituent funds did not provide financial support to unconsolidated structured entities and have no intention of providing financial or other support.

The constituent funds can redeem units in their investment funds on a daily basis.

## 23 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

BEA (Industry Scheme) Age 65 Plus Fund and BEA (Industry Scheme) Core Accumulation Fund are designated as default investment strategy ("DIS") constituent funds with effect from 1 April 2017. Payments for services, out-of-pocket expenses and other payments charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance

**During the period from 1 April 2017 to 31 March 2018**

	<i>BEA (Industry Scheme) Age 65 Plus Fund</i> \$	<i>BEA (Industry Scheme) Core Accumulation Fund</i> \$
<b>(a) Payments for services</b>		
Sponsor fees	1,273,908	2,345,590
<b>Total payments for services</b>	1,273,908	2,345,590
<b>(b) Out-of-pocket expenses</b>		
Professional indemnity insurance	2,460	3,312
Auditor's remuneration	9,500	9,500
Printing and publication	18,322	19,928
Miscellaneous expenses	31,700	46,217
<b>Total out-of-pocket expenses</b>	61,982	78,957
<b>(c) Payments other than (a) and (b) above</b>	-	-
<b>Total payments</b>	1,335,890	2,424,547
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds	0.035%	0.024%

The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the period from 1 April 2017 to 31 March 2018.



## 24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Scheme.

*Effective for  
accounting periods  
beginning on or after*

HKFRS 9, *Financial instruments* 1 January 2018

HK(IFRIC) 23, *Uncertainty over income tax treatments* 1 January 2019

The Trustee is in the process of making an assessment of what the impact of these amendments, new standard and interpretations is expected to be in the period of initial application. While the assessment has been substantially completed for HKFRS 9, the actual impacts upon the initial adoption of the standard may differ as the assessment completed to date is based on the information currently available to the Scheme, and further impacts may be identified before the standard is initially applied in the Scheme's financial statements for the year ended 31 March 2019. The Trustee may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

## **24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)**

### **HKFRS 9, *Financial instruments***

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

#### *Classification of financial assets and financial liabilities*

HKFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing HKAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on the Trustee's assessment, this standard is not expected to have a material impact on the classification of financial assets of the Fund. This is because:

- financial instruments currently classified as FVTPL under HKAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under HKFRS 9; and
- financial instruments currently measured at amortised cost are: bank balances, contributions receivable, interest receivables, other receivables, benefits payable and accruals and other payables. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under HKFRS 9.

## **24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)**

### *Impairment of financial assets*

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with a forward-looking “expected credit loss” (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under HKFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Based on the Trustee’s assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Fund. This is because:

- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- the financial assets at amortised cost are short-term (i.e. no longer than 12 months) and of high credit quality. Accordingly, the ECLs on such assets are expected to be small.

### *Hedge accounting*

- The Trustee does not apply hedge accounting; therefore, HKFRS 9 hedge accounting-related changes do not have an impact on the financial statements of the Fund.

### *Disclosures*

- HKFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Trustee has completed an analysis to identify data gaps against current processes and is designing the system and controls changes that they believe will be necessary to capture the required data.

## **24 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)**

### *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 will generally be applied retrospectively, except as described below.

- The Trustee will take advantage of the exemption allowing them not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will be adjusted to net assets attributable to unitholders as at 1 April 2018.
- The following assessments have to be made by the Trustee on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.